

By Mr. PALMER: A bill (H. R. 11997) granting an increase of pension to William H. Miller; to the Committee on Invalid Pensions.

By Mr. SELLS: A bill (H. R. 11998) granting an increase of pension to John Bailey; to the Committee on Invalid Pensions. Also, a bill (H. R. 11999) to correct the military record of J. W. Young; to the Committee on Military Affairs.

By Mr. STEPHENS of California: A bill (H. R. 12000) granting an increase of pension to Thomas Mead; to the Committee on Invalid Pensions.

By Mr. TALCOTT of New York: A bill (H. R. 12001) granting an increase of pension to Richard Sands; to the Committee on Invalid Pensions.

By Mr. TOWNER: A bill (H. R. 12002) granting an increase of pension to David M. Caviness; to the Committee on Invalid Pensions.

By Mr. UTTER: A bill (H. R. 12003) granting an increase of pension to Annie E. J. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12004) granting an increase of pension to Lydia A. Verry; to the Committee on Pensions.

By Mr. VREELAND: A bill (H. R. 12005) granting an increase of pension to Frank H. Mathews; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12006) granting an increase of pension to Wilbur B. Wood; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12007) granting an increase of pension to Hiram M. Squires; to the Committee on Invalid Pensions.

By Mr. WHITE: A bill (H. R. 12008) granting a pension to Charles D. Barnett; to the Committee on Pensions.

Also, a bill (H. R. 12009) granting a pension to Mary A. Coughill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 12010) granting a pension to Frank H. Blehl; to the Committee on Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. AYRES: Petition of residents of the Bronx in favor of the parcels post; to the Committee on the Post Office and Post Roads.

By Mr. BARTHOLDT: Petition of Ellis A. Hullett and 25 other citizens of St. Louis, Mo., praying for a reduction of the duty on raw and refined sugars; to the Committee on Ways and Means.

Also, petition of St. Louis Branch of Workmen's Sick and Death Benefit Fund, in favor of the resolution to investigate the McNamara affair; to the Committee on the Judiciary.

By Mr. BLACKMON: Papers in the pension case of Isaac McKinsey; to the Committee on Invalid Pensions.

By Mr. CARLIN: Papers to accompany bill granting an increase of pension to Bertha A. Mulhall; to the Committee on Pensions.

Also, papers to accompany bill for the relief of William R. Oliver; to the Committee on War Claims.

By Mr. MICHAEL E. DRISCOLL: Petitions of numerous citizens of New York State, urging a reduction in the duty on raw and refined sugars; to the Committee on Ways and Means.

Also, resolutions adopted by the Central Trades and Labor Assembly of Syracuse, N. Y., protesting against proposed arbitration treaty with Great Britain; to the Committee on Foreign Affairs.

By Mr. GARDNER of Massachusetts: Resolutions from the Essex County Board of the Ancient Order of Hibernians, requesting the Senate of the United States to reject the proposed arbitration treaty with Great Britain; to the Committee on Foreign Affairs.

By Mr. GILLET: Petitions of citizens of Hampden, Hampshire, Franklin, and Worcester Counties, Mass., in behalf of a national department of health; to the Committee on Interstate and Foreign Commerce.

By Mr. HENRY of Connecticut: Resolutions adopted by the Hartford Business Men's Association, of Hartford, Conn., opposing an extension of the parcels-post system; to the Committee on the Post Office and Post Roads.

Also, petition of the Eagle Dye Works Co., of Hartford, Conn., favoring the Sulzer and Howard bills; to the Committee on the Post Office and Post Roads.

Also, resolutions adopted by the National Automobile Manufacturers' Association, favoring an amendment to the corporation tax; to the Committee on Ways and Means.

Also, resolutions adopted by Division No. 1, Ancient Order of Hibernians, of South Manchester, Conn., opposing the ratification of a treaty between the United States and Great Britain; to the Committee on Foreign Affairs.

By Mr. HUGHES of New Jersey: Resolution of the Board of Trade of Elizabeth, N. J., urging the passage of the Canadian reciprocity agreement; to the Committee on Ways and Means.

By Mr. LAWRENCE: Petitions of citizens of Pittsfield and Holyoke, Mass., for a reduction in the present duties on sugar; to the Committee on Ways and Means.

By Mr. LLOYD: Petitions of sundry citizens of Canton, La Grange, Knox City, Hurdland, Lewistown, Kirksville, Memphis, Lancaster, and Kahoka, of the first congressional district of Missouri, protesting against parcels-post legislation; to the Committee on the Post Office and Post Roads.

By Mr. NELSON: Petitions of citizens of Madison and other places in Wisconsin, asking for a reduction in the duty on raw and refined sugars; to the Committee on Ways and Means.

By Mr. O'SHAUNESSY: Resolution of the Board of Trade of Providence, R. I., urging upon Congress the necessity of a 30-foot channel to meet the demands of commercial conditions at the port of Providence; to the Committee on Rivers and Harbors.

By Mr. SULLOWAY: Petition of 49 soldiers of Mexico, Mo., praying for the passage of the Sulloway or Anderson pension bill; to the Committee on Invalid Pensions.

By Mr. SULZER: Resolution of the Muncie branch of the Alliance of German Societies of the State of Indiana, approving House resolution 166, regarding the affairs of the immigration office at Ellis Island; to the Committee on Immigration and Naturalization.

By Mr. TUTTLE: Resolutions of the Board of Trade of Newark, N. J., urging amendments to corporation-tax law; to the Committee on the Judiciary.

Also, resolution of the Elizabeth (N. J.) Board of Trade, favoring passage of reciprocity pact with amendment; to the Committee on Ways and Means.

Also, memorial of numerous retail druggists of Plainfield and Westfield, N. J., protesting against the passage of House bill 8887; to the Committee on Ways and Means.

Also, petition of New Jersey Pharmaceutical Association, opposing House bill 8887; to the Committee on Ways and Means.

By Mr. UTTER: Resolution of the Providence Board of Trade, of Providence, R. I., urging upon Congress the necessity of a 30-foot channel to meet the demands of commercial conditions at Providence; to the Committee on Rivers and Harbors.

Also, petition for increase of pension of Annie E. J. Miller; to the Committee on Invalid Pensions.

Also, resolutions of the Pawtucket Business Men's Association, of Pawtucket, R. I., urging the passage of the Canadian reciprocity bill without amendment or change; to the Committee on Ways and Means.

By Mr. WHITE: Papers supporting House bills 11714 and 11715; to the Committee on Invalid Pensions.

By Mr. WILSON of New York: Resolutions of Group 6 of New York State Bankers' Association, favoring Aldrich plan of currency reform; to the Committee on Banking and Currency.

SENATE.

THURSDAY, June 22, 1911.

Prayer by the Chaplain, Rev. Ulysses G. B. Pierce, D. D.
The Journal of yesterday's proceedings was read and approved.

RECIPROCITY WITH CANADA.

Mr. TOWNSEND. Mr. President, I give notice that on Tuesday next I should like to submit some remarks on House bill 4412, pending before the Senate, known as the reciprocity bill.

The VICE PRESIDENT. After the morning business?

Mr. TOWNSEND. After the morning business.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had disagreed to the amendment of the Senate to the joint resolution (H. J. Res. 39) proposing an amendment to the Constitution providing that Senators shall be elected by the people of the several States.

PETITIONS AND MEMORIALS.

Mr. BURTON presented memorials of sundry citizens of Clyde, Ohio, remonstrating against the passage of the so-called Johnston Sunday-rest bill, which were ordered to lie on the table.

He also presented a petition of the National Association of Automobile Manufacturers, praying for the adoption of an amendment to the so-called corporation-tax law permitting corporations to make returns at the end of their fiscal years, which was referred to the Committee on Finance.

Mr. CURTIS presented a memorial of sundry citizens of Silver Lake, Kans., remonstrating against the proposed reciprocal trade agreement between the United States and Canada, which was ordered to lie on the table.

Mr. PERKINS presented a petition of the Chamber of Commerce of San Francisco, Cal., praying for the adoption of an amendment to the so-called corporation-tax law permitting corporations to make returns at the end of their fiscal years, which was referred to the Committee on Finance.

He also presented a memorial of sundry citizens of Oroville, Cal., remonstrating against the passage of the so-called Johnston Sunday-rest bill, which was ordered to lie on the table.

Mr. CLAPP presented a memorial of the Minnesota Retail Hardware Association, remonstrating against the establishment of a parcels-post system, which was referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of the Minnesota State Pharmaceutical Association, remonstrating against the imposition of a stamp tax on proprietary medicines, which was referred to the Committee on Finance.

He also presented a memorial of the Pope County Farmers' Cooperative Mercantile Co., of Starbuck, Minn., remonstrating against the proposed reciprocal trade agreement between the United States and Canada, which was ordered to lie on the table.

He also presented a petition of the Republican Club of West Duluth, Minn., and a petition of the Garfield Republican Club of Minneapolis, Minn., praying for the proposed reciprocal trade agreement between the United States and Canada, which were ordered to lie on the table.

Mr. LA FOLLETTE. I present a joint resolution passed by the Legislature of the State of Wisconsin, which I ask may be printed in the RECORD and referred to the Committee on Commerce.

There being no objection, the joint resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Joint resolution (J. Res. No. 120, A.) memorializing Congress to cause all dams owned by the United States and maintained in and across the Fox River to be equipped with fishways.

Whereas the public right of fishing in the Fox River, between the cities of De Pere and Oshkosh, Wis., has been practically destroyed by the placing of dams unequipped with fishways in said river; and

Whereas the United States Government owns, controls, and maintains a number of such dams in and across said river: Therefore be it

Resolved by the assembly (the senate concurring), That the Congress of the United States be respectfully requested to cause all dams owned and controlled by the United States, and maintained in and across the Fox River in Wisconsin, to be equipped with adequate fishways for the free ascent and descent of fish; and be it further

Resolved, That a copy of this resolution be forwarded to the United States Senators and Congressmen from the State of Wisconsin and to the Chief Clerks of the two Houses of Congress.

C. A. INGRAM,
Speaker of the Assembly.

THOMAS MORRIS,
President of the Senate.

C. E. SHAFFER,
Chief Clerk of the Assembly.

F. M. WYLLIE,
Chief Clerk of the Senate.

Mr. LA FOLLETTE. I present a joint resolution adopted by the Legislature of the State of Wisconsin, which I ask may be printed in the RECORD and referred to the Committee on the Judiciary.

There being no objection, the joint resolution was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

Joint resolution (J. Res. 15, A) relating to the Sherman antitrust law.

Resolved by the assembly (the senate concurring), That our United States Senators and our Representatives are requested to introduce an amendment to the Sherman antitrust law in their respective Houses, and to lend their aid in every reasonable manner for its passage, as follows: "Provided, That this act shall not be construed to apply to any arrangement, agreement, or combination between the laborers made with a view of lessening the number of hours of labor or increasing wages; nor to any arrangement, agreement, or combination among persons engaged in horticulture, agriculture, dairying, live stock, or poultry raising made with a view of minimizing the expense of marketing horticultural, agricultural, or dairy products, or live stock or poultry"; and be it further

Resolved, That a copy of the foregoing be immediately transmitted by the secretary of state to each of the Senators and Representatives from this State.

C. A. INGRAM,
Speaker of the Assembly.

THOMAS MORRIS,
President of the Senate.

C. E. SHAFFER,
Chief Clerk of the Assembly.

F. M. WYLLIE,
Chief Clerk of the Senate.

Mr. PENROSE presented resolutions adopted by sundry citizens of Philadelphia, Pa., survivors of the Philadelphia Brigade,

praying that an appropriation be made to commemorate the fiftieth anniversary of the Battle of Appomattox, which were referred to the Committee on Military Affairs.

Mr. GALLINGER presented a memorial of Cheshire Grange, No. 131, Patrons of Husbandry, of Keene, N. H., remonstrating against the proposed reciprocal trade agreement between the United States and Canada, which was ordered to lie on the table.

Mr. ROOT presented memorials of Pittstown Grange, No. 1211; Mapletown Grange, No. 613; Clinton County Pomona Grange; Gouverneur Grange, No. 303; Shawangunk Grange, No. 1018; Elma Grange, No. 1179; Easton Grange, No. 1123; Veteran Grange, No. 1108; Constable Grange, No. 1047; Wadhams Mills Grange; Watertown Grange, No. 7; Ashville Grange, No. 694; Potsdam Grange; Sherman Grange, No. 36; Rath Grange, No. 294; Millerton Grange, No. 796; East Worcester Grange, No. 1238, of the Patrons of Husbandry, in the State of New York, remonstrating against the proposed reciprocal trade agreement between the United States and Canada, which were ordered to lie on the table.

COURTS IN VERMONT.

Mr. DILLINGHAM, from the Committee on the Judiciary, to which was referred the bill (S. 1650) to amend section 110 of "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, reported it without amendment.

BILLS INTRODUCED.

Bills were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. McCUMBER:

A bill (S. 2849) to amend an act entitled "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906; to the Committee on Manufactures.

A bill (S. 2850) granting a pension to Maggie Boutlette (with accompanying papers); and

A bill (S. 2851) granting an increase of pension to Byron A. Cole (with accompanying papers); to the Committee on Pensions.

By Mr. BORAH:

A bill (S. 2852) for the relief of the Title Guaranty & Surety Co., of Scranton, Pa., surety for David B. Wickersham; to the Committee on Claims.

By Mr. CLARK of Wyoming:

A bill (S. 2853) authorizing John T. McCrosson and associates to construct an irrigation ditch on the island of Hawaii, Territory of Hawaii; to the Committee on Pacific Islands and Porto Rico.

By Mr. WATSON:

A bill (S. 2854) for the erection of a statue to commemorate the bravery of Maj. Andrew Summers Rowan, at the War College, Washington, D. C.; to the Committee on the Library.

A bill (S. 2855) to amend the military record of Milton Oatman, alias William Kelley; to the Committee on Military Affairs.

A bill (S. 2856) granting an increase of pension to John W. Pell;

A bill (S. 2857) granting an increase of pension to David E. Leach;

A bill (S. 2858) granting an increase of pension to Samuel Welch; and

A bill (S. 2859) granting an increase of pension to William Wyatt; to the Committee on Pensions.

By Mr. LA FOLLETTE:

A bill (S. 2860) reserving from entry and sale the mineral rights to coal and other minerals mined for fuel, oil, gas, or asphalt upon or underlying the public lands of the United States, and providing for the entry of the surface of public lands underlain with or containing coal or other minerals mined for fuel, oil, gas, or asphalt, and providing for the leasing of the mineral rights in such lands; to the Committee on Public Lands.

By Mr. CURTIS:

A bill (S. 2861) granting an increase of pension to Daniel Davenport (with accompanying papers);

A bill (S. 2862) granting a pension to George T. Anderson; and

A bill (S. 2863) granting an increase of pension to George W. Dart; to the Committee on Pensions.

By Mr. PENROSE:

A bill (S. 2864) granting an increase of pension to Mathias Parthmore; to the Committee on Pensions.

PAYMENT OF MONEY IN POLITICAL CAMPAIGNS.

Mr. CULBERSON. Mr. President, I present a Senate resolution and ask that it be read. Inasmuch as it provides for the payment of money out of the contingent fund of the Senate, I ask that, in the first instance, it be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The VICE PRESIDENT. The resolution will be read.

The resolution (S. Res. 79) was read, and referred to the Committee to Audit and Control the Contingent Expenses of the Senate, as follows:

Resolved, First. That the Committee on Privileges and Elections of the Senate be, and it is hereby, directed to inquire and report to the Senate as early as practicable the amount of money subscribed and paid to every committee of any political party or to any member of such committee or to any person acting under the authority of or on behalf of such committee, as treasurer or otherwise, by any person, firm, association, corporation, or committee to influence the result or attempt to influence the result of the election of November 8, 1904, and November 3, 1908, at which Representatives in the Congress of the United States were elected, giving the names of such persons, firms, associations, corporations, or committees, and the respective amounts subscribed and paid by each of them as aforesaid.

Second. That said committee is authorized to sit during the session of the Senate and during any recess of the Senate or of the Congress; to hold sessions at such place or places as it may deem most convenient for the purpose of this inquiry; to employ stenographers and such other clerical force as may be deemed necessary; to send for persons, books, records, and papers; to administer oaths; and that the expenses of the inquiry be paid from the contingent fund of the Senate upon vouchers to be approved by the chairman of the committee.

Third. That said committee shall also report to the Senate what measures, if any, are necessary to further prohibit or curtail such subscriptions and payments so as to lessen and confine them to proper and legitimate objects in relation to such elections and prevent the undue or corrupt use of money in such elections.

THE CALENDAR.

The VICE PRESIDENT. The morning business is closed and the calendar is in order under Rule VIII.

The joint resolution (H. J. Res. 1) to correct errors in the enrollment of certain appropriation acts, approved March 4, 1911, was announced as the first business in order on the calendar.

Mr. HEYBURN. I ask that the joint resolution may go over.

The VICE PRESIDENT. It will go over.

The bill (S. 237) for the proper observance of Sunday as a day of rest in the District of Columbia was announced as next in order.

Mr. HEYBURN. I ask that the bill may go over.

The VICE PRESIDENT. It will go over.

The bill (S. 291) providing for the retirement of petty officers and enlisted men of the United States Navy or Marine Corps, and for the efficiency of the enlisted personnel, was announced as next in order.

Mr. BURTON. I ask that the bill may go over.

The VICE PRESIDENT. It will go over.

The bill (S. 25) to regulate the business of loaning money on security of any kind by persons, firms, and corporations other than national banks, licensed bankers, trust companies, savings banks, building and loan associations, pawnbrokers, and real-estate brokers in the District of Columbia, was announced as next in order.

Mr. POMERENE. Mr. President, I have an amendment which I have prepared and which I desire to offer to the bill, but there are amendments of the committee, and I observe that members of the committee are now absent. For that reason, I ask that the bill may go over for the present.

The VICE PRESIDENT. It will go over.

The bill (S. 123) to alter the regulations respecting the manner of holding elections for Senators, was announced as next in order.

Mr. GRONNA. Let the bill go over.

Mr. HEYBURN. I ask that the bill may go over.

The VICE PRESIDENT. It will go over.

LIGHTHOUSE PROPERTY.

The bill (S. 2053) providing for the disposition of moneys recovered on account of injury or damage to lighthouse property was considered as in Committee of the Whole. It provides that hereafter all moneys recovered on account of injury or damage to lighthouse property shall be covered into the Treasury to the credit of the proper appropriations for repair and maintenance of works under the control of the Bureau of Lighthouses for the fiscal year in which said deposits are made.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

REPORT ON TARIFF-REVISION BILLS.

Mr. PENROSE. Out of order, as I just came into the Chamber, I ask unanimous consent to make a report from a committee.

The VICE PRESIDENT. Without objection, the report will be received.

Mr. PENROSE. I am directed by the Committee on Finance to report back the bill (H. R. 11019) to reduce the duties on wool and manufactures of wool with a negative recommendation. (S. Rept. 85.)

The VICE PRESIDENT. An adverse report?

Mr. PENROSE. An adverse report.

The VICE PRESIDENT. What is the Senator's request for action? Indefinite postponement?

Mr. HEYBURN. Yes.

Mr. PENROSE. Yes; that is the request.

The VICE PRESIDENT. Is there objection?

Mr. NELSON. I ask that the bill may go to the calendar.

Mr. MARTIN of Virginia. The bill should take its place on the calendar.

Mr. CULBERSON. Let it go to the calendar.

Mr. PENROSE. The bill will go on the calendar, with the adverse report.

The VICE PRESIDENT. Ordinarily on an adverse report a bill is indefinitely postponed, but, of course, it goes to the calendar on request.

Mr. PENROSE. I am directed by the same committee to report back with an adverse recommendation the bill (H. R. 4413) to place on the free list agricultural implements, cotton bagging, cotton ties, leather, boots and shoes, fence wire, meats, cereals, flour, bread, timber, lumber, sewing machines, salt, and other articles. (S. Rept. 84.)

Mr. NELSON. Let that bill go on the calendar.

The VICE PRESIDENT. It will be placed on the calendar.

Mr. GORE. I desire to ask if the bill just reported will take the place of the former bill and go to the calendar.

The VICE PRESIDENT. Certainly.

Mr. GORE. Mr. President, in this connection and at this time I desire to congratulate the Finance Committee of the Senate on the expedition which it has displayed respecting these two measures just reported to the Senate. I desire to congratulate that committee upon the facility which it has just exhibited in transacting the business with which it has been charged by the Senate.

This early report on these two important measures will command the universal approbation of the American people, and if the Finance Committee has, either with or without cause, forfeited the confidence of this country, that confidence will be in great measure restored by the prompt and patriotic action which that committee has just taken.

Mr. President, the Finance Committee of the Sixty-second Congress has demonstrated that it has not only as much facility for the discharge of the public business, but it has demonstrated that it has as much patriotism as the Finance Committee of the Sixty-first Congress. The Finance Committee of the Sixty-first Congress reported the Payne-Aldrich bill after a deliberation of two days. As suggested on yesterday, that important measure, involving, I believe, 13 schedules, involving 4,000 items, was sent to that committee on April 10, and on April 12 that measure was reported to the Senate of the United States with the recommendation that it should be passed. On yesterday it was a problem as to whether the Finance Committee having reported 13 schedules in 2 days the same committee could report one schedule after a deliberation of 20 days. In a spirit of patriotism, highly commendable, the Finance Committee has demonstrated its capacity to emulate the expedition of its predecessor in the Sixty-first Congress.

Mr. President, I will not even intimate that this great committee, consisting of the most distinguished Members of this Senate, has been pouting over night; I will not intimate that it has refused "to play in anybody's back yard" or in anybody's front yard.

On yesterday I felt impelled by sentiments of self-respect to submit a few observations touching the remarks of the Senator from New Hampshire [Mr. GALLINGER] and those of the Senator from Pennsylvania [Mr. PENROSE], but the Senate was making such splendid progress that I was unwilling to interrupt the procession to vindicate myself.

Mr. President, to me it is painful to be regarded as unfair by the distinguished Senator from New Hampshire; it is equally painful to be regarded as unreasonable by the distinguished Senator from Pennsylvania; I set a high value upon their good opinion; but I was not insensible to the compliment intended by the remark of the chairman of the Finance Committee when he observed that the motion which I had the honor to submit was conceived in shallow demagogism.

Mr. President, I would rather be the object than the author of such a suggestion. I will not, and I would not, retaliate in kind. I would not, and I will not, descend to bandy charges

with the Senator from Pennsylvania, though I conceive myself equal to that ungracious task. I do not believe in a reciprocity of epithets, certainly not in this high forum. Epithets are never resorted to until arguments are exhausted. I would not even say, Mr. President, that the authorship of the criticism in great measure moderates the sting of the criticism.

Mr. President, if an enduring hostility to Schedule K, if a deep and abiding desire to reduce the extortionate duties of Schedule K, if a steadfast and unfaltering wish to emancipate the American consumer from the joint tyranny of the shepherd and the weaver—if that answers the Senator's definition of demagogue, then, sir, I must own the harsh impeachment.

Mr. President, I am unwilling to be unfair to the Finance Committee of the United States Senate; I am as unwilling to be unfair to that great committee as I am unwilling that the tariff legislation of the United States should be unfair to 90,000,000 consumers; but if I should ever be driven to the disagreeable necessity of choosing between unfairness to that illustrious committee and unfairness to the American people, I could not and I would not hesitate in my choice. I would select that horn of the dilemma which seemed to me most compatible with my conscience, my convictions, and my sense of public duty.

It is not my purpose here or now to embark upon a discussion of Schedule K. I am not willing to be unfair either to the producer of wool or to the manufacturer of woolen and worsted goods. This is a great industry, one of the leading industries of the United States, built up behind a wall of protection. To my mind the wall is too high; it was conceived in injustice; it has been builded in injustice; it has been fraught with injury and injustice to the American people; but, sir, I would not abolish a wrong system by means that are revolutionary or destructive. These duties, too high, should be reduced gradually. We should come down upon the lock-and-dam system, allowing business to adjust itself to the changed conditions, doing no violence and no needless injury to any industry in the United States. That is my own feeling in the premises, and I feel sure that that sentiment is shared by my associates on this side of the Chamber. I do not believe it will be difficult to demonstrate that the rates of the wool schedule are too high.

Mr. President, I was in Canada last autumn. While there I bought an article of wearing apparel known as a pony jacket No. 5. For that article I paid \$2.50, retail, in Windsor, Canada. Upon that article I paid a tariff duty of \$1.94 to introduce that article of necessity into the land of the free. I have here the bill from the merchant, and I have the customhouse receipt. That article cost me \$4.44 duty paid, although it was worth only \$2.50 in Canada; and the merchant who owned it and who sold it in Canada required me to pay only \$2.50 for the article.

Mr. President, that garment was manufactured by the Monarch Knitting Co., which has mills situated at Buffalo, N. Y., and at St. Catharines, Canada. According to my information, pony jacket No. 5 wholesales in Canada at \$21 a dozen. I hold in my hand the Dry Goods Economist of October 29, 1910, which contains an advertisement of the Monarch Woolen Co. According to this advertisement pony jacket No. 5 wholesales in the United States for \$42 a dozen, while they wholesale in the Dominion at only \$21 a dozen. They wholesale in the United States at the rate of \$3.50 a piece, and they retail in Canada at \$2.50 a piece, the wholesale price in the United States being \$1 more than the retail price in the Dominion of Canada.

I do not know, Mr. President, how long a hearing would be necessary to convince the senior Senator from New Hampshire that the rates in Schedule K are too high. I do not know how long a time would be required to convince him that an article which retails in Canada at \$2.50 ought not to wholesale in the United States at \$3.50. I wish that the Senator and myself might survive until he is convinced that Schedule K is too high; I had almost said that I wished that he and I might afford the country the benefit of our services in the United States Senate until he is convinced that Schedule K is too high.

I have other articles on which the disparity is just as glaring, but I shall not take the time of the Senate now to demonstrate that the American consumer is subjected to unreasonable exactions through the operation of Schedule K.

I am aware, Mr. President, of the fundamental difference between the views of myself and those of the Senator from New Hampshire. He thinks the system is right—nay, sir, he thinks the system is holy and is consecrated—and he warns Senators not to lay a profane hand upon the temple of protection; but, sir, I am much mistaken if the veil of that temple is not already rent in twain, although in view of ancient and consecrated wrath there are those of us who hesitate to decide whether in revising Schedule K we are really desecrating the shrine or, may I say, "demolishing a den." I think, sir, that I quote the

last words from an authority that will challenge the respect of Senators on the other side.

Mr. President, I do not believe in a protective tariff; and I agree with my distinguished friend from Mississippi [Mr. WILLIAMS] in my opposition to even incidental protection for protection's sake. I am not willing to listen to the song of that siren. The sole object of a protective tariff is to enable the producer to get more for what he sells than he could get without the tariff. It does not always succeed; that is not always the effect; but, sir, that is always the intention. I do not believe that this Government, I do not believe that any government, has the right to give any man the privilege to charge more for a thing than the thing is worth.

Mr. POMERENE. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Ohio?

Mr. GORE. I yield; yes, sir.

Mr. POMERENE. Just for a question. The Senator from Oklahoma has given to us the retail price in Canada of a certain article, and he has also given us the wholesale price for that same article in the United States, the increase being due to the tariff duty. May I ask the Senator whether that was one of the tariff duties that was framed by the majority of the Finance Committee in secret session?

Mr. GORE. Mr. President, the duty was maintained by the Finance Committee of the Senate in secret session. That committee at that time, however, regarded Schedule K as the keystone in the arch of protection; it regarded Schedule K as the ark of the covenant of protection; and it dared not lay the profaning hand upon that ark lest the lightnings from an enraged protected interest would strike the then omnipotent majority from its place of power and authority in the Senate. My recollection is that they did not even consider, that they did not even discuss, a revision of Schedule K. The chairman of the Finance Committee during that debate observed upon this floor that Schedule K was "the citadel of protection." Nay, sir, I believe he denominated it as the keystone of the arch, and no one would venture then, as none of his kind would venture now, to lay the hand of revision upon that consecrated schedule.

Mr. President, I am equally opposed to undue precipitation and to undue delay in the revision of the tariff. My friend from Mississippi [Mr. WILLIAMS] and the Senator from Iowa [Mr. CUMMINS] were correct on yesterday when they did the committee the compliment of saying that it could report within 20 days, but I suspect that neither of them was so sanguine as to imagine that we would be favored with a report upon the morrow. That they have done so is only another tribute to the activity of that committee when impelled by a sense of patriotic duty to the long-suffering consumers of the United States.

I intend to "render unto Caesar the things that are Caesar's." The Senator from Idaho [Mr. HAYBURN] objected to this "unseemly haste." He desired time for deliberation. No prophet could forecast the aeons of time which would be required by the Senator from Idaho to revise his views upon this sacred schedule. The Senator said that the existing law had been in effect only the brief and fleeting period of two years. He asked why the United States Senate should be required with such undignified haste to reverse its action of only two years ago; he challenged us to present some reasons for the reversal of our attitude upon this important legislation. I shall venture to oblige him to the extent of suggesting only one reason—that is, that 93,000,000 people have condemned the Payne-Aldrich Act of two years ago.

If the 93,000,000 people of the United States favored that legislation then, they condemn that legislation now. That condemnation was registered in the most expressive and eloquent way by the American electorate in the congressional elections of last November. It occurred to me, and it occurred to my associates on this side, that if 93,000,000 people could reverse their position in one year and six months, 91 Senators of the United States ought to be able to face about within a period of two years; and for that reason, responding to the demand of the American people, we have ventured to challenge Schedule K.

Mr. President, I have no disposition to retard the progress of the Canadian agreement in its pilgrimage through the Senate. I shall vote for the Canadian agreement. I am sensible that it goes further than our Republican friends would have gone. I am equally sensible that it does not go so far as my Democratic associates would have gone. For my part, I would have placed flour as well as wheat, and dressed meats as well as cattle, on the free list. But, Mr. President, in my opinion a protective tariff on one article is wrong; a protective duty on two articles is doubly wrong. A protective duty on 4,000 articles is an unspeakable injury and injustice. I would reduce

them all, if I could. I will reduce but one if I can not reduce more.

When we remove the protective tariff from one article we render a service to the American consumer. When we remove the protective tariff from two articles we render a twofold service to the consumer. But, sir, with my friend, the Senator from Mississippi, I shall vote to emancipate the people from one burden if those upon the other side refuse to permit us to go further.

I repeat that I have no disposition to defeat the Canadian agreement; I have no disposition to delay the Canadian agreement; I have no disposition to amend the Canadian agreement; and I would strenuously resist any amendment that was either designed or calculated to prove a stumbling stone in the progress of that measure through the Senate.

With the "free list" and the woolen bill slumbering in the committee, with no assurance that either would ever be reported, there might have been some reason for offering those measures as amendments to the Canadian agreement; but, sir, with those two bills on the Senate anvil—with those two bills on the Senate Calendar—there is no reason for attaching those measures to the reciprocity agreement. Let us pass the Canadian agreement; then let us pass the free list and the woolen bill without needless discussion or delay.

No delay can be charged to any Senator upon this side. We are willing to vote now on the Canadian agreement. We are willing to fix a time now to vote upon that agreement. I would yield to any Senator upon the other side to prefer a request now to fix a day and a date for taking the final vote on the Canadian agreement.

Mr. President, neither Senators nor the country can charge, and the country will not charge, any delay to this side of the Senate respecting the Canadian reciprocity agreement. Senators on this side are willing now to fix a day to vote on the free-list bill. I believe Senators on this side are willing now to fix a day, a reasonable day in the future, to vote on the bill revising Schedule K; and I wish to say now that if any growers of wool in the United States, if any manufacturers of woolen fabrics in the United States have any data or suggestions which they wish to submit to the United States Senate or to the American people touching the woolen bill, and they will forward their protest or their approval to myself or to any Senator who voted for the motion on yesterday, that protest will be printed as a public document, to enlighten the Senate, and will render all possible service to those who wish to register their views upon the pending measure.

Mr. President, this Congress was convened in extraordinary session on April 4. We have now been in session during a period of 10 weeks. We have dragged our slow lengths along. During this time the other branch of Congress has passed five important measures. The other House has reported, has considered, has debated, and has passed the Canadian agreement. The other House has reported, has considered, and has passed the free-list bill. The other House has reported, has considered, has discussed, and has passed the bill for the publicity of campaign expenditures. The other House has reported, has considered, has debated, and has passed a constitutional amendment for the direct election of United States Senators. Nay, sir, the other House has considered, reported, and passed a measure for the remodeling of Schedule K.

During that time the Senate of the United States has passed one of those measures, in a form which I fear foreordains its ultimate defeat. But, sir, for 10 weeks—and I regret to say it—the Senate of the United States has marked time. Nay, sir, the Senate of the United States has murdered time. The country has grown weary with waiting. The country wants action now—prompt, enlightened, and patriotic action.

And I know, sir, that the manufacturers of woolen goods and worsted goods desire final action upon the revision of Schedule K. If those duties are to be reduced, in the wisdom of the Senate, they desire to know that now. If that ancient and consecrated shrine is to be maintained, they desire that assurance now. Uncertainty is the evil which vexes the manufacturers this day. They can not buy wool for future delivery. They can not sell woolen fabrics for future delivery, because they do not know upon what basis their calculations are to be made. Free them of this uncertainty, sir, and you will bring peace and confidence to them, and they will soon adjust themselves to the revision of Schedule K, if the Senate and the Congress should be patriotic enough to undertake and execute such a revision.

Now, Mr. President, I must apologize to the Senate for taking its time on this occasion. But I did not feel disposed to embrace the opportunity yesterday, because the team work between this side and a portion of the other side was so mag-

nificent that I could not find it in my heart to interrupt or delay the triumphal march merely to indicate my own motives and my own conduct.

Mr. PENROSE. Mr. President, I should like to state in two or three words the attitude of the Finance Committee and the reason for its action to-day.

In the opinion of the majority of the committee it was impracticable to give hearings on this measure within the brief period allowed by the Senate under the motion made by the Senator from Oklahoma. In view of the fact that the majority were persuaded that it would be impossible to conduct hearings with any degree of fairness or with any proper consideration of the measure, it was determined, under the motion adopted by a substantial majority of the Senate, however unprecedented such action may be, that it was useless to hold the bills any longer, and the bills were therefore reported adversely without that full hearing which the vast importance of the subject demanded and without the committee's being able to extend to the scores of persons who have asked for an opportunity to be heard the courtesy usually accorded by committees of the American Congress.

Mr. CUMMINS. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Iowa?

Mr. PENROSE. I do.

Mr. CUMMINS. I should like to ask a question of the chairman of the Committee on Finance.

Mr. PENROSE. Certainly.

Mr. CUMMINS. As I understand, the report of the majority is not accompanied with any explanations or views—simply an adverse report. May I ask whether the chairman has been advised as to the probability of a minority report, or, to speak more accurately, a report of the minority views upon these measures?

Mr. PENROSE. There is a general understanding among the members of the Finance Committee that any member on measures of this character reserves the right to file an individual or minority report. Whether that right will be exercised by any members of the committee on this occasion I am not, as chairman of the committee, advised.

Mr. NEWLANDS. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Nevada?

Mr. PENROSE. I have concluded.

The VICE PRESIDENT. The Senator from Nevada is recognized.

Mr. NEWLANDS. Mr. President, I desire to add my felicitations to those of the Senator from Oklahoma [Mr. GORE] to the Senate upon the prompt action of the Committee on Finance, and I wish to extend my felicitations to the Senator from Oklahoma upon the authorship of the motion of yesterday which produced so decisive a result.

I regard it as one of the most significant events that has taken place during my service in this Chamber. I regard it as an indication that the old deference to committees, under the guise of senatorial courtesy, which so long has protected existing abuses in legislation, has been ameliorated. And now, Mr. President, inasmuch as this action has produced so decisive a result regarding the woolen schedule I wish to call the attention of the Senate briefly to the importance of now determining upon a program of legislation for the extra session.

It is likely that this session will be a long one. There is no probability of an early adjournment. There is no reason why, when the decks are clear as to legislation relating to appropriations, we should not take up numerous measures of legislation regarding which public opinion is now made up.

CONGRESS LAGGING BEHIND PUBLIC OPINION—LEGISLATIVE PROGRAM.

Congress has lagged far behind public opinion. I am sometimes accused in the Senate of being 10 years ahead of my time in my views regarding legislation. My only reply to that is that I am not ahead of my time, I am simply abreast of the times, but that the Senate and Congress in their action are 10, 20 years behind the times and the demands of an intelligent public opinion.

On the 11th day of May, within a month after the extra session commenced, I presented to the Senate a resolution prescribing a program of legislation relating not only to measures which should be taken up for immediate legislative action, but measures which should be considered in committee with a view to report early in the next regular session, so that prompt action could then be taken upon them.

Now, what were the subjects which I suggested should be taken up for legislative action at this session? They were nine:

First. The Canadian reciprocity bill.

Second. Enlarging the free list of importations.

Third. The reduction of the excessive duties in the wool, cotton, and steel schedules.

Fourth. The gradual reduction of all duties of a prohibitory character to a revenue basis.

Fifth. The immediate reduction of the appropriations for military and naval expenses for the fiscal year ending June 30, 1912, to the extent of \$30,000,000, such reduction to be apportioned by the President with the aid of a military board or boards.

Sixth. A graduated increase in the corporation tax sufficient to make up any deficit caused by a reduction in customs duties, and also sufficient to provide a fund for the regulation of river flow and the promotion of river navigation.

Mr. CLAPP. Mr. President—

The PRESIDING OFFICER (Mr. HAYBURN in the chair). Does the Senator from Nevada yield to the Senator from Minnesota?

INCREASE OF CORPORATION TAX.

Mr. NEWLANDS. Certainly.

Mr. CLAPP. I want to say to the Senator from Nevada that I am heartily in accord with that suggestion, but when that time comes we must duly increase the revenue by taxing the trusts and subjecting them to the corporation tax. The Senator will remember that they were stricken out in conference two years ago.

Mr. NEWLANDS. That tax can be made a graduated tax in such a way as not to be oppressive to the small corporations and yet insure a fair revenue from the great combinations of capital, a revenue which will make up for any temporary deficit caused by the reduction of the tariff duties.

The resolution proceeds:

Seventh. Publicity of campaign expenditures before the election and prohibiting contributions by corporations.

Eighth. Providing for the election of United States Senators by popular vote.

Ninth. Providing for the immediate admission of Arizona and New Mexico as separate States.

Mr. President, when that resolution was offered in the Senate a broad smile passed over the faces of most Senators here at the suggestion of so large a program. Yet, as a matter of fact, the House of Representatives has already acted upon six of the nine measures covered by this resolution, and bills passed by them are now knocking at our doors and demanding recognition.

It is true they have not yet acted regarding a graduated increase in the corporation tax, and yet I take it, if as the result of our legislation here it is ascertained that there will be a substantial reduction in revenue, it will be the duty of the dominant party in the House to suggest some method of increasing that revenue. Until the constitutional amendment is adopted with reference to an income tax, obviously a graduated increase in the corporation tax, striking largely at the great trusts and combinations to which the Senator has referred, would be the easiest and most direct method of proceeding.

Mr. President, what were the other measures which that resolution suggested, a resolution which is now pending and which I trust will receive favorable action? What were the other measures suggested in that resolution upon which committee action, not legislative action, was desirable in advance of the legislation of the next session, so that at the very commencement of the session in December next we could enter upon this great work of reform and constructive legislation?

The first one was a measure concerning which public opinion is fully made up, with reference to which I undertake to say there will hardly be a division in the Senate, though it has been vigorously fought hitherto, the physical valuation of the railroads of the country by the Interstate Commerce Commission, for what public man can face his constituents claiming any credit for consistency or integrity who will say that when the Supreme Court has determined that the valuation of the railroads is a factor in the determination of rates, the Interstate Commerce Commission shall not be fully provided with the machinery for making such valuation, conspicuously so in the face of the statement of the Interstate Commerce Commission that within one year one great system of the country raised its proof of the value of a railroad about \$150,000,000 more than they had alleged that value to be a year before.

PROPOSED BOARD OF INTERSTATE TRADE.

What is the second one which I suggested? I suggested legislation providing, in connection with the Bureau of Corporations, for a board of interstate trade, with powers of examination, correction, and recommendation with regard to interstate trade similar to those conferred upon the Interstate Commerce Commission regarding interstate transportation. This resolution was offered before the recent decision of the Supreme Court regarding the trusts, and I then declared that whatever

might be the decision of that court the creation of such a commission was essential. Interstate trade is just as much a part of interstate commerce as interstate transportation. The abuses of interstate trade have become just as great as the abuses of interstate transportation in the past have been. Obviously the teachings of experience lead us to the organization of a commission or board similar to the Interstate Commerce Commission, with a view of taking hold of the great combinations of capital and making them obedient to the law, giving such a commission powers of examination, recommendation, and condemnation similar to those enjoyed by the Interstate Commerce Commission.

Since that decision the trust managers themselves have seen a great light and in public examinations have stated that in their judgment the time has come for as complete regulation of corporations engaged in interstate trade as of corporations engaged in interstate transportation. Whether that regulation will ever extend so far as the regulation of the price itself is a matter to be determined in the future, for Congress will be called upon to decide how great these corporations shall be, what the extent of their capital shall be, what number of plants they shall own, and what shall be the extent of their operations. If they conclude to maintain the principle of competition, even though it leads to destruction, there will then, of course, be no necessity of regulating prices. But if they recognize the principle of helpful cooperation instead of destructive competition, then it will be necessary for them in extreme cases to face the question of the regulation of prices just as the prices of any public utility are regulated.

I do not venture to express an opinion now as to what course should be pursued with reference to this great question, but it is time that the Interstate Commerce Committee of the Senate were entering upon an inquiry of the most important question in economics that has engaged the attention of the country since the railroad question was first presented to it; and what more appropriate time could we have for such action than during this extra session of Congress, when but one committee of the Senate is actively engaged and all other committees are idle, and our decks are clear of obstructive legislation, such as appropriation bills, and when there is ample time and leisure for the conduct of this inquiry?

PREVENTION OF BANK PANICS.

The third proposal which I suggested for committee consideration was one providing for the protection of bank depositors and the minimizing of bank panics by the organization of a national reserve association in each State, in which the national banks and the State banks engaged in interstate commerce shall be stockholders, such national reserve associations to have ample capital and reserves and to take over the note-issuing functions now enjoyed by the national banks, including the power to issue emergency currency; such associations to have the power to insure or guarantee the depositors of their constituent banks, and in connection therewith powers of examination of such banks; such associations to be brought into federation through a national banking board fairly representative of the different sections of the country, one-half of which shall be selected by such associations and one-half by the President of the United States; and such board to be advisory to the Congress and to the President.

Of course, this is a mere suggestion as to a line of legislative action, coming from a Democrat who is opposed to the suggestion of a central-bank organization such as is recommended by the former distinguished Senator from Rhode Island. It is incumbent upon the Democratic Party to present some measure in opposition to that measure. It is incumbent upon the Democratic Party to present its view upon this question. Already the banks of the country are being organized for the purpose of carrying through the Aldrich monetary bill. Already the commercial organizations of the country are being exploited upon this subject.

Already public sentiment is being created, and it is absolutely essential for the Democratic Party, if it has any distinctive view upon the subject, to present it now. Why should not this party, both in the Senate and in the House, through its membership in committees be engaged in this work, and why should not the Republican committees of the Senate undertake this work? Thus far we have intrusted it to a monetary commission, originally composed of Members of the Senate and of the House, but by death and the mutations of politics almost every one of the original members on that commission, so far as the Senate is concerned, has departed from public life. So instead of having the members of that commission active Members of this body as our guides, they occupy the position of any other commission with powers of recommendation.

IMPORTANCE OF INTERSTATE EXCHANGE.

Mr. President, so far as the Democratic view of this question is concerned, it seems to me that interstate exchange is just as important a branch of interstate commerce as interstate transportation or interstate trade. We have stood patiently these biennial and decennial paralyses in exchange which have arrested the business of the entire country, and which, as a matter of economics, are just as easily prevented as would be the obstruction of transportation itself.

With what patience would the people of the United States view a process by which the railway cars of the country could be gathered into the city of New York and there used as storehouses for goods, and then when the various sections of the country would call for cars for the moving of the crops New York would deny these cars upon the ground that they were being used as storehouses? And yet that has been practically what has been accomplished in interstate exchange. The circulating medium of the country, absolutely necessary both to transportation and to trade, has been locked up in New York through a vicious system of lending the reserves of the country banks to the great central banks to be loaned out by the latter in speculative promotion and development, thus arresting and obstructing their use when they are required for the exchanges and the trade and the transportation of the country.

This is a great question, involving just as scientific adjustment as that of transportation itself; and yet Congress has done nothing whatever upon this subject under the administration of the Republican Party. For years nothing whatever was done by way of amendment of our banking act except to give the banks larger powers in the increase of credit. No restrictions have been imposed upon them tending to the security of depositors or the prevention of panics.

DEMOCRATIC PLAN OF BANKING REFORM.

In my judgment, the Democratic plan of bank organization should be practically like that of our system of Government, the recognition of each State as an economic unit and the union of the State associations under some plan of federalization. The Aldrich plan absolutely obliterates the States, and creates in their place 16 commercial zones, in which the branch organizations of the central organization are organized. I would substitute for those zones the States themselves, and organize in each one of the States a national reserve association similar to the central national reserve association which the Senator from Rhode Island desires. I would have both the State banks and the national banks organized in these reserve associations within the boundaries of each State as a separate and individual unit, and then having created 46 such associations I would devise some method of federalizing them just as we federalized our State governments by the creation of a National Government. I would find some method of federalizing them through some commission at Washington that would fairly represent all these various States, with powers of recommendation, with powers of examination, and with powers of suggestion, in the hope that ultimately these State organizations thus federalized would, by a process of evolution, fill every useful purpose that could be accomplished by the Aldrich plan.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Utah?

Mr. NEWLANDS. Yes.

Mr. SMOOT. I have been quite interested in what the Senator has been stating. Does not the Senator think that if these organizations or zones, so called, were limited to the boundary of a State it would greatly weaken them, and that in case of a panic, a panic sometimes locally, it would be the means of great financial disturbance; that no assistance could come to that organization other than the mere banks within the States, and there would be no advantage in the way of creating a sound, strong banking center?

Mr. NEWLANDS. I will say to the Senator that whilst his criticism might apply to some of the smaller States, it would apply to but few, and provision could be made in the bill, if it should be deemed desirable, that the associations in smaller States could tie themselves to associations in the larger States adjoining in such a way as to give them the benefit of cooperation. From a merely economic point of view there may be something in the suggestion of the Senator, that it would be better regardless of State lines, to make these economic zones each tributary to some great financial center to which each part of such zone would look for protection and for defense. But in my judgment it is not practicable, for no measure can be passed, certainly for many years, which does not receive the approval of the Democratic Party. The Democratic Party is now entrenched in power in the House of Representatives, and it will probably remain so. All the indications are of an absolute

change in the politics of the Government within the next year. I am addressing myself practically to an economic question which should address itself to the patriotism of both parties, and an economic solution of this question will immensely improve existing conditions.

Mr. SMOOT. I was only advancing an economic point of view. I did not have any political thought in my mind. But the Senator said there would be 46 such organizations, and I took it from that statement that every State in the Union would have an organization, and it seemed to me that in some of the weaker States it would be almost a failure; and, if not a failure, there would be great danger attached to it.

Mr. NEWLANDS. There is always danger, of course, in having a weak point in a chain. The strength of a chain is simply the strength of its weakest link.

Mr. CLAPP. Will the Senator pardon me?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. NEWLANDS. I do.

WEAK LINK IN INTERSTATE EXCHANGE.

Mr. CLAPP. I wish to suggest to the Senator from Nevada and the Senator from Utah that the weak link to-day in our chain is shown by the most apt illustration of the Senator from Nevada, that they get all the cars in New York City and use them for storage purposes. In other words, they get the currency and exchange there, and the cause of panic is that the people at large are deprived of the use of it. That is the weak point in the chain. The point to strengthen in the chain is the weak point.

Mr. NEWLANDS. That is right; and I hope that legislation will embrace that.

Mr. President, it is not my intention in reviewing the measures which I have suggested for the action of the Senate and the action of the committee to enter exhaustively into the consideration of any one of them, and I will simply pass from this question of bank reform by stating that it is obvious that great economic changes are going on now in the country. We are to have undoubtedly an adjustment of the tariff. I should very much prefer a scientific and gradual adjustment of that tariff, but I very much fear that, in the contention of parties, it will not be so accomplished. I hope that the Democratic Party will not go too fast, but whether it goes too fast or not, it will be charged with going too fast and an attempt will be made to create alarm and apprehension throughout the country because of its action, either threatened or realized. There is such a thing as being scared to death when there is no physical reason for human dissolution.

In all these matters involving economic readjustment it is of the highest importance that we should have our system of exchange based upon principles that will permit a free movement of the medium of exchange; otherwise exchange is blocked, arrested, impeded, and production is embarrassed. Obviously, therefore, there is no time in which financial legislation is of such importance as now, and yet we are likely to attend to it last instead of first.

HIGH CUSTOMS DUTIES—SHALL WE JUMP OR SLIDE DOWN?

As to customs legislation, we are very much in the position of a man who has climbed to the top of a high steeple and who realizes that he can not remain there long, that it is dangerous for him to remain there, and he hesitates as to whether he should jump down or slide down. The question now before us is, the American people having made up their minds that this tariff shall be reduced, and materially reduced, whether Uncle Sam, having reached this high and perilous pinnacle, shall throw himself to the ground or shall gradually slide down. So far as I am concerned, I believe in the sliding process. We have made so little progress during the last 50 years in tariff reform that if we should take 25 years to accomplish that which we desire I would not regard the time as very lengthy. In the history of governments and of great economic movements it does not make much difference whether a thing is accomplished in 1 year or in 25 years as compared with the great eras of time through which governments live and in which economic principles operate. So I would rather slide down slowly to a correct standard than tumble down or throw our entire economic and industrial system into confusion.

Mr. CLAPP. Mr. President, will the Senator pardon an interruption?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. NEWLANDS. I do.

Mr. CLAPP. Following the suggestion made by the Senator from Nevada, is not the danger that if we fall down, instead of sliding down, the effect, coupled with the psychological effect that the Senator has referred to, will produce a reaction that

will result again in the old tariff conditions, and really we shall get nowhere?

Mr. NEWLANDS. That is the danger.

Mr. CLAPP. And that I wish might sink into the mind of every Member of the Senate. If we go too fast, what the Senator has stated will be the result, whereas if we will take our time, go along gradually, and avoid the reaction that will come from a depressed condition of our business affairs, we should make some tangible and permanent headway.

Mr. NEWLANDS. Mr. President, there is no question but that very radical action is likely to have the effect referred to by the Senator from Minnesota and result in such a revulsion of feeling upon the part of the people as to intrench the old advocates of the high protective system again in power; and so, without referring to any particular method of gradually sliding down to a reasonable standard, it seems to me that our efforts should be in that direction, and I have no doubt that in this Congress we can do it. I have no apprehension that the schedules coming over here to the Senate from the House of Representatives will be very radical in character. They may not be sufficient to satisfy the reform sentiment of the country; but, with reference to all of them, we can certainly provide for the gradual destruction of absolutely prohibitive duties—which serve no purpose except that of protection and accomplish nothing in the way of revenue—by providing in just a few lines that wherever, under any duty, the importations of a particular article do not equal one-tenth of the total consumption, a reduction of that duty shall be made at the rate of 5 per cent per annum until the importations have reached that level, and instruct the President to then report the matter to Congress for its further action. Thus, without inviting a flood of foreign importations, we can maintain the brake upon foreign importations and at the same time steadily reduce the tariff until it reaches the standard of revenue production.

DANGERS OF RADICAL REDUCTION.

We have, of course, to realize that to-day we get \$300,000,000 per annum from our customs duties, and that this revenue is obtained from about \$700,000,000 of dutiable imports, the duty being on the average of about 45 per cent. There is no man who favors revenue tariff reform who would regard an average duty of 30 per cent as reaching the point of reduction at which we should aim, and yet, if we were to frame a measure to-day that would yield an average duty of 30 per cent, which would be high protection, it would mean that all the existing duties would have to be reduced one-third on the average.

What would be the effect if the importations do not increase? A reduction of one-third in the duties would mean that, instead of getting \$300,000,000 revenue, we would get \$200,000,000 revenue, and we would have to make up that deficit by some other tax. But it is claimed that the importations would increase to such an extent as to yield us the \$300,000,000. If that were so, then the importations must increase to the extent of nearly 50 per cent in order to yield that amount, and instead of having importations of dutiable articles to the extent of \$700,000,000, we would have importations of dutiable articles to the extent of \$1,000,000,000. What effect would it have upon the industries of the country if within a year the products of our domestic factories to the extent of \$300,000,000 were supplanted by foreign products? It would mean, of course, an industrial disturbance in the country.

Mr. CLAPP. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. NEWLANDS. I do.

Mr. CLAPP. Has the Senator figured out the percentage of increase? It strikes me, from a somewhat hasty computation, that it is too much. I do not know whether or not the Senator has figured it out.

Mr. NEWLANDS. It is very easily ascertained.

Mr. CLAPP. Yes, I know that; but I did not know whether the Senator had figured it out.

Mr. NEWLANDS. Forty-five per cent of \$700,000,000, the amount of present importations, would yield about \$300,000,000. Thirty per cent on \$1,000,000,000 of dutiable importations would produce \$300,000,000, so that you see the existing importations will have to be increased pretty nearly 50 per cent in order to give us a revenue of \$300,000,000.

Mr. CLAPP. That is correct.

Mr. NEWLANDS. Then, we have got to measure the effect upon the industries of the country, the disturbance in labor, and so forth. Can we take out of the production of this country within one year \$300,000,000 in value without creating an industrial disturbance, strikes, and so forth, which may have the effect of driving the party which has made so immediate and instant a change out of power?

It is clear that if under a 30 per cent duty importations are maintained just as at present our revenue would be reduced from \$300,000,000 to \$200,000,000. On the other hand, it is just as clear that if we are to maintain our present revenue of \$300,000,000 the importations would have to be increased from \$700,000,000 to a billion dollars of dutiable articles. I have not the slightest doubt that the country could adjust itself to those conditions within a reasonable and moderate time, but to have them precipitated upon us within one year, particularly in times when our whole financial system is out of joint, when we have, as is admitted, the worst banking system in the world, no one can measure what the result might be.

Mr. REED. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Missouri?

Mr. NEWLANDS. Certainly.

Mr. REED. I want to get the Senator's view a little clearer upon this proposition. Does the Senator believe that a reduction of one-third of the present tariff duty would necessarily mean the introduction into this country of one-third more of foreign-manufactured goods?

Mr. NEWLANDS. No; not necessarily.

Mr. REED. The difficulty, I take it, therefore that the Senator is laboring with is not so much the question of disturbance of the industrial conditions of our own country, but with the problem of how we are to raise the revenue which we would lose if we reduce the tariff, and the foreign importations were not increased correspondingly?

Mr. NEWLANDS. Yes.

Mr. REED. I do not take it that the Senator means to say if we reduce the tariff to 30 per cent on the average that that would mean that there would be a billion dollars worth of foreign goods imported here, but that, on the contrary, it might mean a reduction of the extortionate profits of American manufacturers to the benefit of the consumers, but we would lose the revenue.

Mr. NEWLANDS. Yes.

Mr. REED. And that could be made up by some other means.

Mr. NEWLANDS. I stated the effect in the alternative, as the Senator will recollect.

Mr. REED. I understand the Senator, but I wanted to make it plain that that was his meaning.

Mr. NEWLANDS. I stated the effect in the alternative. I said that one of two effects would be produced, either that there would be a large increase in importations, which would make our revenue just as it is—an increase in importations amounting to pretty nearly 50 per cent—or there would be a reduction in revenue of \$100,000,000 annually, for which we must provide in some other way.

Mr. SHIVELY. Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. NEWLANDS. Certainly.

Mr. SHIVELY. In the latter alternative which the Senator states is he not proceeding on the theory that the present rate is the maximum revenue-producing rate—that is, that it is at the highest revenue point? Of course, if the Senator is to assume that a reduction of duties is to result in a reduction of revenue, his assumption must rest on the theory that the present rate is nearer the maximum revenue point than the new rate would be. You can reduce revenue by increasing the rate above the maximum revenue point or reducing the rate below it, and can increase revenue by approaching the maximum revenue line whether from above or below.

Mr. NEWLANDS. Well, but assuming that a large portion of these duties is prohibitory and the reduction in the duty is made—

Mr. SHIVELY. That is the other alternative.

Mr. NEWLANDS. Then we are likely to have an increase of revenue from those duties only through an increase of importations.

Mr. CLAPP. But, Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. NEWLANDS. Certainly.

Mr. CLAPP. The more nearly the existing tariff is prohibitory, unless it is so excessively prohibitory that it would still be prohibitory at 30 per cent, the more certainly there would be an increase of importations if duties were reduced to an average of 30 per cent.

Mr. NEWLANDS. I do not quite catch the Senator's meaning.

Mr. CLAPP. The more nearly the present tariff is prohibitory, unless it is so prohibitory that the reduction to 30 per cent would still leave it prohibitory, the more certainly the reduction to 30 per cent would result in very marked increase of importations.

REDUCTIONS MUST BE GRADUAL.

Mr. NEWLANDS. Yes. So we have got to confront one of two situations, it seems to me, by any great and material immediate reduction in the tariff, namely, either an increase in importations, which will disturb the industries of the country, or, on the other hand, a reduction of the revenue.

Now, then, I believe this thing can be accomplished without materially disturbing either our revenues or our importations, by gradual action, extending over a period of years. So far as I am concerned, I am not content with the reduction even to 30 per cent. I think the tariff duties of this country ought to be less than 30 per cent, and I would hope to achieve something very much less. The fact is that whilst I have been moderate in my views regarding the reduction of the tariff, I have been so appalled at the methods employed to maintain these customs duties; I have been so appalled at the results of the interference of these great industrial managers in the control of the Government, that I am growing less and less patient every day with the system of protection. I would be glad to see it abandoned altogether. I would hope ultimately to have a system of free trade. That is the goal which I would strive to reach. But I would not expect to accomplish it within 20 years or 30 years or perhaps 50. But I would put in the law itself such a principle of reduction as regardless of party mutations would certainly reduce these duties, and I would fix it in such a way as to require the joint action of the Senate and the House of Representatives and the President to destroy the working of that principle.

Mr. SHIVELY. Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. NEWLANDS. I do.

Mr. SHIVELY. Do I understand that the Senator regards it as necessary and wise to put up a system of brakes between the present average duty, which he says is about 45 per cent, and an average duty of 30 per cent?

Mr. NEWLANDS. I would.

Mr. SHIVELY. I presume the Senator recalls a certain document laid before the Senate in the discussion of the act of 1909. The figures produced related to the census value of products embraced in the several schedules of the bill, and in parallel columns showed the total wages paid in producing the product to be 17 per cent of the total census value of the product. The alleged difference in the cost of labor has usually been urged as the necessity for, and basis of, a protective rate. Now, does the Senator contend that there is danger involved in reducing the duty on the average article in the schedules to 30 per cent?

Mr. NEWLANDS. I should say that an immediate reduction of all the duties of the tariff to an average of 30 per cent would be attended by serious industrial disturbance.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. NEWLANDS. I do.

Mr. BORAH. Do I understand the Senator to say that he would eventually be in favor of free trade?

Mr. NEWLANDS. Yes; I stated that I have become so out of patience with the manifestations relating to the political control exercised by the great interests, with a view to maintaining the protective system, that I am prepared to go gradually to free trade, but I would not expect to see that accomplished within the next 25 years, and, perhaps, not within the next 50 years.

Mr. BORAH. Would the Senator then raise revenue by direct taxation?

Mr. NEWLANDS. What is that?

Mr. BORAH. Would the Senator then raise the revenue necessary for the Government by direct taxation?

Mr. NEWLANDS. It would have to be raised by internal revenue, by income tax, and corporate taxes, and other taxes of that kind.

Mr. President, among the other measures to which I referred as demanding immediate action was one providing for the neutralization of the Philippine Islands. I shall not comment upon that. It is obvious that those islands constitute the great danger spot in our future. At any time there a conflagration involving international complications may be ignited that will involve the energies of the entire country in putting it out.

Mr. SHIVELY. Mr. President—

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. NEWLANDS. I do.

Mr. SHIVELY. The Senator just observed in his reply to the Senator from Idaho that we would have to raise revenues

by some other method. When he speaks of free trade to which we might approach, does he mean the abolition of customhouses, or does he mean the readjustment of duties so that they would bear simply upon noncompeting products. That is sometimes popularly referred to as free trade. Of course the total abolition of the customhouses would be quite a different proposition. That would involve some other system of taxation by which to raise the revenue.

Mr. NEWLANDS. I will state, Mr. President, that I have not given very much thought as to what should be the sources of revenue in case either free trade were established or such a system of customs duties as the Senator points out should be established. I only say that as a matter of theory, not of practical judgment addressed to existing conditions, I am so out of patience with the protective system that I would gladly see it abandoned and gladly see as an alternative absolute free trade, even free trade with reference to products concerning which there is no competition in this country. I believe essentially in the principle that the taxation of the country should be levied upon the wealth of the country and not upon the consumption of the country, and I would welcome any gradual change that would bring that about, but I do not favor a sudden change, involving serious industrial readjustments.

CONSTRUCTIVE LEGISLATION—RIVER REGULATION.

The fifth measure which I suggested should be taken up by our committees was one providing for the cooperation of the National Government with the States in devising and carrying out comprehensive plans for the regulation of river flow, with a view to the promotion of navigation and the prevention of destructive floods through the preservation of forests, the storage and use of flood waters for the irrigation of arid lands, and the storage of flood waters for the development of water power; and providing a fund ample for continuous work, to be conducted under the direction of a board of experts authorized by law.

Now, this is a matter upon which public opinion is made up. There is no question that we should have full development of our rivers for every use to which civilization can put them, and one of those uses is navigation and another use is irrigation and another use is its development as water power. There is no reason why these great rivers should not be developed by the cooperation of the sovereigns having control over these respective uses, the National Government having control of the navigation and the State governments having control over the other uses of the river.

Public opinion is made up upon this question. We should expend at least \$50,000,000 annually from this time on in this matter just as we have expended about that amount on the Panama Canal. It is one of the great constructive works of the country, and with reference to the development of this work, it seems to me we should enter upon a material reduction of our military expenses and should save at least \$30,000,000 annually in the matter of our Army and Navy establishments.

The sixth measure which I have suggested provides for the protection of our natural resources in timber, coal, iron, and oil against monopolistic control.

The mind of the public is made up upon this question, and yet no substantial advance has been made in legislation.

The seventh one provides for the upbuilding of the American merchant marine by free entry to American registry of all ships, wherever constructed, and by the construction of auxiliary ships for our Navy, to be used in time of war in aid of the fighting ships and in time of peace in establishing new routes of commerce through lease to shipping companies; such legislation to involve the temporary diminution of the construction of fighting ships and the substitution of auxiliary ships, with a view to the creation of a well-proportioned and self-sustaining Navy.

It is not necessary to enlarge upon this. We all know that our Navy is incomplete. It is a badly proportioned Navy. It is a Navy composed of fighting ships which would be derelict upon the ocean without the auxiliary ships necessary to support them in case of war. One of the arguments used by our opponents with so much force for the creation of a merchant marine and the subsidizing of a merchant marine is that this merchant marine, when established, could furnish these ships. It seems to me instead of entering upon this perilous project of subsidizing private interests, it would be very much better for us to immediately determine to build a well-proportioned navy, instead of permitting it to continue a badly proportioned navy, and to provide for the use of the auxiliary ships in time of peace by leasing them out to commercial companies, so that they can be used in opening up these new routes of commerce to Africa and South America and Asia of which we hear so much.

Mr. President, it was not my intention when I rose to speak at such length, but interruptions have led me on from stage to

stage. My purpose was only to call the attention of the Senate to a definite legislative program, involving nine questions upon which we shall act and seven questions upon which our committees can act, all of them questions upon which public opinion is made up.

CONTROL AND RESPONSIBILITY REST ON PROGRESSIVES IN SENATE.

Now, this recent vote has demonstrated what? It has absolutely demonstrated that the legislation of the Senate is in the hands of the reform and progressive element of the Senate. The responsibility rests upon us and not upon the so-called dominant party for a systematic adjustment of the business of the Senate, both in committee and in the sessions of the Senate, so that we can speedily accomplish these great matters of reform and constructive policy to which the progressive forces of the country have committed themselves. The vote yesterday shows what the progressive element of both parties can do. The responsibility for future action rests upon us. It has been shifted from the so-called Republican Party and now rests upon this union of forces composed of the Democratic Party, now nearly a majority of this body, and the progressive element of the Republican Party. The question is whether we shall make our action equal our responsibility.

I call the attention, therefore, of the Members of the Senate to these resolutions, and I suggest that they be seriously considered. Those of them which the Senate may not regard as of immediate importance may be eliminated, but by some decisive vote, such as given yesterday, we should express the firm determination of the Senate to proceed in order to the accomplishment of these great reforms.

Mr. SMOOT. Mr. President, I desire to refer again to the question which was under discussion last evening, and intend to do so very briefly, indeed.

It was almost painful last night to behold the Senator from Missouri [Mr. REED] charging the Republican members of the Finance Committee of the Senate with entering into secret sessions, and the Senator from Ohio this morning asking the Senator from Oklahoma [Mr. GORE] about a secret session held by the Republican members of the Finance Committee when the Payne-Aldrich bill was under consideration in 1909.

Mr. President, I have been looking up somewhat the history of the consideration of tariff bills, and, as I stated last night, the majority members of the Finance Committee in 1909 simply followed the precedent that has been pursued in the consideration of tariff bills by the Senate Finance Committee for years; and that statement was questioned. I want to read from a debate that took place in this body on the 21st day of February, 1894, when the Wilson-Gorman bill was under discussion. I want to call the Senators' attention to a colloquy between Mr. Chandler, known to all Senators as a Senator from New Hampshire, and Mr. Voorhees, of Indiana, who was then chairman of the Finance Committee of the Senate.

I find in the CONGRESSIONAL RECORD of February 21, 1894, the following:

Mr. CHANDLER. * * * I am asking the Senator from Indiana whether the acting member of that committee to-day and now is the Senator from Texas or the Senator from New Jersey, or whether both of those Senators are acting? Is not that a fair inquiry to make?

Mr. VOORHEES. Mr. President, I have no disposition to give the Senator from New Hampshire a short answer, as he knows personally; but we are doing our business in our own way, which is none of his business. He is not a member of that committee, nor charged with any of the duties connected with it. We are hard at work transacting the business entrusted to our hands to the best of our ability. If the Senator is not satisfied with that answer, he may introduce a resolution of inquiry as to what we are doing, who is doing it, and how it is being done; and then we shall investigate it. That is all the answer I have to make to the Senator.

Mr. CHANDLER. I beg leave to say to the Senator from Indiana that it is my business to know what the committee is doing. * * *

Mr. VOORHEES. Mr. President, I am not to be betrayed into a loss of temper. I have nothing but feelings of personal kindness toward the Senator from New Hampshire, and I told him in tones of courtesy, I thought, that the RECORD showed who constitute the committee. * * * I ventured to say that we were doing our work in our own way, that it was our business and not the Senator's business, and that if he wanted a further answer, aside from what the RECORD shows as to who are on the committee, he could introduce a resolution and investigate. We can stand investigation right well, strange as that may seem.

The VICE PRESIDENT. Will the Senator from Utah suspend for a moment? The Chair lays before the Senate the unfinished business, which will be stated.

The SECRETARY. A bill (H. R. 4412) to promote reciprocal trade relations with the Dominion of Canada, and for other purposes.

The VICE PRESIDENT. The Senator from Utah will proceed.

Mr. SMOOT. Continuing, I read what Mr. Sherman said:

Mr. SHERMAN. * * * It is said that, in pursuance of a custom which has sprung up within the last few years—or at least it has been said to me—the bill should be referred, in the first instance, to a subcommittee of the Committee on Finance favoring the bill as sent to us

from the House of Representatives. I believe that rule or that custom is being pursued now by our Democratic friends. Certain it is that no member of the Committee on Finance who is classed as a Republican has been called into consultation with respect to the action upon the bill. I do not know but, upon the whole, that is probably the best way to consider the question.

Mr. VEST. * * * There has never been any subcommittee on the tariff upon the Democratic side of the Finance Committee, and such a statement has grown out of the active and prolific imagination which characterizes the modern newspaper reporter.

Mr. BUTLER. There are but six Democratic votes in the committee. Mr. VEST. As a matter of course, there are only six Democratic votes in the committee, and there can be but six. It should not make any difference to our distinguished friends on the other side of the Chamber whether the work on the tariff bill be done by three or five or six of us. Without using the words of the Senator from Indiana, Mr. Voorhees, I submit in the kindest and most parliamentary sense that it can hardly be any of their business affecting the direct result in this case. The work that we have done has been done by those of us who are willing and able to do it, not under any appointment, but because we appreciate the great public necessity which requires that the bill shall be reported to the Senate as soon as possible.

There has been no star chamber about it. We have had no public hearings, because we deliberately resolved not to have them. We have listened, as far as we could, to the extent of human ability and endurance, to all who have come to us; and what a task it has been will be known only to those who have been afflicted in that regard. * * * This is a small matter, Mr. President. When we bring the bill before the Senate there will be time enough for the eloquence and logic which have been so unsparingly used here to-day. As to the modus operandi, so long as we do not violate the rules of the Senate or the laws or the Constitution, I respectfully submit that we ought to be permitted to do this work in our own fashion, submitting it, of course, afterwards to the full Finance Committee, and then reporting it to the Senate for their action upon it.

Mr. VOORHEES. * * * Now, so far as the question of a subcommittee is concerned, I think it matters nothing to Senators on either side of the Chamber whether the bill is considered by a subcommittee technically or by men who have been named as a subcommittee. The fact is that a majority of a committee which is charged with framing a bill must necessarily, before it is considered by the full committee, put their case in shape on paper. Every Senator on the other side of the Chamber knows what I say to be true. Every Senator there knows when they had the majority and brought forward the tariff measure of 1883, and notably of 1890—the McKinley bill—for weeks (I am tempted to say months, for it was a long time) none of the minority of the committee, then belonging to this side of the Chamber, was in consultation with them. We abided our time. We knew it was their right to make their bill to suit themselves before they submitted it to us or to the country.

Mr. VOORHEES. * * * I repeat, Mr. President, the only logical and reasonable and proper method of legislation on a subject of this kind is for the party in the majority, who are responsible for legislation, to put it in such shape as may be satisfactory to them, and then put it before the Senate and the country and take the consequences. Private discussion, prolonged and protracted debate between man and man, between 11 people—6 on one side predetermined, 5 on the other—is simply a ruthless consumption of time, while the interests of the country are demanding speed, rapidity of action. * * * Those who plead for delay, for long hearings, for technicalities, for Finance Committee discussions between man and man, will be known before the country as the advocates of delay in an hour when it is important to the business interests to know what is to happen to them.

Mr. President, this discussion took place upon the floor of the Senate when the Wilson-Gorman bill was reported from the House of Representatives, showing the course that the majority members of the Finance Committee, which was Democratic at that time, took in the forming of that bill.

I do not wish to take the time of the Senate longer to refer to other precedents, so will let this suffice, as it is the last tariff bill that the party on the other side of this Chamber had the responsibility of making.

Mr. President, I was in hopes that before we began the revision of any of the schedules of the tariff act of 1909 we would have a report from the Tariff Board to base the revision upon. Not having it, I think that it is unwise at this time to undertake to revise Schedule K or to consider the free-list bill. I am not opposed to a revision of the tariff if there can be produced reliable information, gathered by disinterested parties, showing that the present rates are too high. We have already a report from the Tariff Board upon print paper. I am willing to accept their findings, but we find that Members on the other side of this Chamber will not. I want to say that, as far as I am concerned, if the Tariff Board at any time submits information to the Senate through the President, and it is such information that can be readily verified, I am willing to act upon it in the revision of the tariff, if found necessary.

I know, Mr. President, if there is going to be a revision of the tariff schedules it ought to be made quickly. I have in my office to-day dozens of letters from clothing manufacturers from different parts of this country, asking whether there is going to be a revision of the tariff or not. The manufacturer of clothing hesitates to place his orders for cloth. The lightweight season is opening, the samples are being shown for next season's goods, and the clothing manufacturers are at a loss to know whether to buy or not. In turn, the retailer does not know

whether to place his order with the clothing manufacturer. So the business is almost at a standstill. I insist that it is due the men interested in the great woolen industry and the thousands of workmen depending upon the operation of the mills for their daily bread to be given some consideration in this matter.

I do not want to put anything in the way of an early vote on the reciprocity bill. I am opposed to it. I think it is wrong in principle. It does not affect materially one product of my own State, but it does affect, in my judgment, the product of the farmer in the Northwestern States and the business interests of other parts of the country.

Mr. President, I believe in protection, and I believe that the reciprocity bill is not in conformity with the idea of protection and may be the beginning of the destruction of that great principle.

Mr. President, in relation to the early report of the Democratic woolen bill, made by the Senate Finance Committee this morning, I was in hopes that if it was to be reported time would be given the men from different parts of the country interested in that great industry to be heard. I know it is impossible to get many of the prominent men from the sheep ranches of our western country here in time to testify by July 10. Now is the time when they are exceedingly busy. Many have just finished shearing their sheep. They are moving them to the summer ranges; they are a long way from home and can not leave their flocks until the summer range is reached.

Again, I do not believe in a limited hearing, in the idea of having two men or three men to represent or testify for the varied interests involved and located in different sections of the country.

The idea of getting two or three men to come here to testify for all of the hundreds and thousands interested in the woolen industries in this country, when we know that the carded-woolen people and the worsted people are divided as to what the provisions of a tariff bill ought to be! We know that three-fourths of all the wool raisers do not belong to the National Woolgrowers' Association, and therefore that great body of men and the great body of independent manufacturers of woolen goods in this country, if the program had been followed out, would have been shut out from being heard by the Finance Committee. Rather than to have a partial hearing—an incomplete one—I thought it better that we should report the bill to the Senate and let every Senator judge for himself and get what information he could as to whether it is a proper measure or not.

Mr. BACON. May I ask the Senator a question before he takes his seat?

Mr. SMOOT. I shall be glad to yield to the Senator.

Mr. BACON. I did not interrupt the Senator while he was in the flow of his argument. These several interests had their full hearings before the House Committee on Ways and Means, something over two years ago, did they not?

Mr. SMOOT. Yes.

Mr. BACON. I am asking not for argument but for the purpose to see if I am correct in my understanding. That is true, and all those hearings are printed?

Mr. SMOOT. They are all printed.

Mr. BACON. Now, the question that I was leading up to is this: Have conditions materially changed since then?

Mr. SMOOT. Let me answer the question in this way: Conditions have not materially changed, but the provisions of the bill from the House have materially changed. If the Senator from Georgia is willing to accept the evidence as conclusive that was given before the Ways and Means Committee of the House of Representatives affecting Schedule K, I do not believe he would support this bill. It is a different proposition entirely. Hearings were had upon the question whether the rate of duty on wool should be 11 cents per pound, whether it should be on washed wool twice that amount, or whether it should be three times that amount upon scoured wool. That question is not before the Senate in this bill.

Mr. BACON. But, Mr. President, I understand that the questions we have to deal with in determining as to the proper rates to be imposed are questions largely dependent upon the cost of production; that is, from a protective standpoint. I do not view it from that point myself, but I am taking now the position the Senator occupies when he urges that there should be a hearing for the purpose of ascertaining to what extent the industry can be subjected to a lessened tariff, or rather relieved of a greater tariff and have a lesser one imposed. From a protective standpoint that question is largely influenced, if not controlled, by the question of the cost of production, the question of supply and demand, and so forth.

As I understand it, the conditions as to the cost of production and supply and demand have not materially changed since then,

and if not, the information which is found in those hearings is simply to be applied to the new proposition to see whether under the evidence which is found there this new proposition can be successfully and logically maintained and supported. Am I not correct?

Mr. SMOOT. The Senator is correct; but—

Mr. BACON. Very well.

Mr. SMOOT. I want to say to the Senator that the result of the hearings gave to the woolgrower a rate of 11 cents a pound. The bill before the Senate proposed 20 per cent ad valorem, and the question as to whether 20 per cent ad valorem was sufficient protection to the woolgrowers of the West never was discussed or testified to in those hearings.

Mr. BACON. But, Mr. President, you do not want hearings for the purpose of getting the opinion of a man as to whether such and such a rate is sufficient protection from the protective standpoint, because when he gives you the fact you are the one to form an opinion. Aside from the fact that opinions are not testimony, it is particularly true that it should not be testimony to guide and control others when it is given by those who are particularly interested in personal and special interests, which would be the case with the woolgrower.

Mr. SMOOT. I thought I told the Senator that at the hearings in the House it was concluded, taking the cost of production of wool into consideration, that 11 cents per pound was the proper rate of protection. The question was not considered by the sheep men of the country as to whether this proposed rate of 20 per cent ad valorem would ruin them or not.

Mr. BACON. We have the facts. They could only come forward and give us the same facts now that they did then. The only difference between the Senator and myself is this: I understand his contention to be that with the same information, with conditions as to those matters unchanged, we ought not to proceed upon the information already obtained, but we should get their opinion as to whether that is sufficient protection for them.

Mr. SMOOT. Mr. President, I say if the Senator will look at the hearings, and I think I read them pretty carefully, he will find that the testimony given before the Ways and Means Committee of the House shows that it was necessary to have a rate of 11 cents a pound.

Mr. BACON. The Senator has exactly the same information that was acted upon then to argue that the same protection should be given. It is the same argument at last.

Mr. SMOOT. There may be different men from different parts of the country come and testify.

Mr. BACON. They would not give different facts though they might give different opinions.

Mr. SMOOT. They would, of course, give not only their opinion, but the facts might be different from those testified to two years ago. Besides, with new testimony we could judge as to whether the conditions of one section are the same as the conditions of another section and what would be an average expense in producing wool between different sections.

Mr. BACON. Unless the Senator is prepared to say that the conditions have so changed that the cost of production now is different from what it was two years ago, and the question of supply is different from what it was two years ago, and the question of demand is different from what it was two years ago, I do not see upon what ground the Senator can base the contention that a further hearing is needed, because those are the elements which furnish the consideration upon which we must base conclusions.

Mr. SMOOT. I think even upon those points there is justification for a hearing, owing to the fact that wool is less per pound now than it was then, that mutton is less per pound than it was then, and the price of sheep is less per head now than then.

Mr. BACON. I understand.

Mr. SMOOT. And of course on the usual increase of sheep per annum the price being less, there would be a decrease of income to the flockmaster.

Mr. BACON. Does the Senator require that men should come from the sheep ranches of the Northwest in order to give him that information? Does he not know those facts now? The Senator certainly knows that the price of wool, except so far as it may be influenced by transportation, is not different in one part of the country from another, and the price of sheep and mutton, of course, differs in some localities. The Senator knows what are the quotations of wool, of mutton, and of live sheep. He does not require more than three weeks in order to get that information. He can get it any day from any of the great centers. I presume there are Senators in this body who are thoroughly conversant with every detail of it.

Mr. SMOOT. I myself know about what is the price of wool, I know about what is the price of mutton, I know what is the price of sheep, but there are a good many Senators who do not know. The Senator says that the price of wool is the same in one section as another. Of course that is not the case.

Mr. BACON. With the difference in transportation, and all that.

Mr. SMOOT. We need not take transportation into consideration. The wool grown in Montana is worth, I suppose, on an average, 2 cents a pound more than the wool grown in Nevada.

Mr. BACON. That gives a man who buys and sells it that much margin for his profit.

Mr. SMOOT. Not at all; it is because the wool is cleaner.

Mr. BACON. I am speaking about the same grades of wool, not different grades of wool.

Mr. President, the Senator is a business man. He knows the proposition to be true that if any article has any very great difference in value in one locality from what it has in another it is very speedily equalized by the fact that those who have the opportunity will take advantage of that opportunity to make a profit by taking it from one part of the country to the other and selling it, and that the demand for it speedily brings it to the same price. There is no material difference throughout this country in the price of articles of the same grade and quality, except what may be required for transportation and for the reasonable profit of men who are engaged in the interchange. I suppose the Senator as a business man recognizes that fact as an economic principle.

Mr. SMOOT. That is true as to principle.

Mr. BACON. Now, I do not think, if this were an original proposition and we had not been so recently through it, there would have been the ground for insistence upon prompt action that there is when within the past two years all this matter has been gone through, and here are the volumes which contain the hearings which were had before a Republican committee in the House upon possibly every question that we will have to deal with. Wherever conditions have changed, wherever prices have changed, that is a matter which can very easily be brought to the attention of the Senate, and brought in a way that nobody will dispute it. The Senator says he knows it but other Senators will not know it.

Mr. SMOOT. Mr. President, I desire to say to the Senator that he can go through the testimony before the Ways and Means Committee of the House and he can not find where the actual cost in this country, as compared with the cost in any other country, has been given on any class of wool or woolen goods; and that is one question to be considered.

Mr. BACON. The Senator is not only a member of the Finance Committee, but he was a member of it when the former bill was enacted. Does the Senator mean to say that at that time, when we had that strenuous debate in this Chamber and these schedules were so vigorously attacked and so earnestly and stubbornly defended, the Finance Committee had not informed itself upon the important change in regard to which the Senator now says those hearings do not give any information?

Mr. SMOOT. I said that that information is not in the hearings had before the Ways and Means Committee of the House.

Mr. BACON. Where was it?

Mr. SMOOT. We had nothing to do with the Ways and Means Committee of the House.

Mr. BACON. But for action in the Senate?

Mr. SMOOT. But the Senate committee did have the wage scale of foreign countries paid in woolen mills.

Mr. BACON. The Senator says the Senate committee had it.

Mr. SMOOT. Yes.

Mr. BACON. When?

Mr. SMOOT. When the Payne-Aldrich bill was under consideration.

Mr. BACON. Did the committee have it, or the part of the committee the Senator now belongs to?

Mr. SMOOT. Any Senator who wanted that information could send down to the Department of Commerce and Labor and get the wage scale of the different departments in a woolen mill, and they were quoted a number of times upon this floor.

Mr. BACON. Then there is nothing in the contention of the Senator that if there was such a defect in the former hearing it should be supplied by a hearing now, because if it could be obtained then from the Department of Commerce and Labor it can be obtained now.

Mr. SMOOT. The Senator is relying upon the hearings of the Ways and Means Committee of the House, and I simply said to the Senator that the testimony taken before the Ways and Means Committee of the House does not show the difference in any one class of woolen goods made in this country as compared with any other country.

Mr. BACON. But at the same time that fact does not support the contention of the Senator that further opportunity should be given for hearings, because the Senator presents to the Senate the fact that whereas in the House hearings there was that omission, when it came to the consideration by the Senate that omission was easily supplied by a simple application to the Department of Commerce and Labor, something which can be done now.

Mr. SMOOT. It is a question as to whether there are differences existing in different parts of the country and in different mills. That would have to be taken into consideration as well. I know of no report giving the difference in cost of the production of wool in this country and foreign countries.

Mr. BACON. If the Senator will pardon me, I want to call his attention to some of the items in that bill which have been absolutely incomprehensible to me in the past, except from the standpoint of those who were more particularly interested in the profits to be derived from the sale of the articles which are included in it, but which may be answered by the fact now, if the Senator is correct in his representation that the committee did not have the necessary information. I want to read it to the Senate, and I would be glad to have the Senator state whether what I am about to read is due to the fact that the committee did not have sufficient information or whether it now maintains that its action was correct.

I want to read the information derived from that committee itself as to duties upon certain articles of common use in the wool schedule, to see whether or not these exorbitant rates are due to the fact that the committee thinks they are right, or due to the fact that the House committee had not furnished this information as to the difference in cost of foreign goods and domestic goods, and therefore the committee was misled. In the wool schedule, of course, there are specific duties and ad valorem duties, and when we read them simply as they are stated in the bill a correct appreciation of the ad valorem duty is not conveyed to us.

The Finance Committee, or a portion of it, two years ago, at the instance of some Senators, brought into the Senate a table prepared by their experts, which showed what were the ad valorem duties upon those articles, the law specifying in part ad valorem duties and in part specific duties. This table, a copy of which I still have, specifies in each case where the ad valorem duty and the specific duty were combined what the maximum ad valorem duty was. Without reading it in detail, I will merely state enough of it to give a suggestion of the character of the article.

I want to say to the Senator that it is, in my opinion, the existence of these very exorbitant duties which would in itself justify the Senate in insisting that there should be early action in the attempt to remedy what we think to be a great evil. For instance, I will now enumerate some of them. I will say that I wish now to read the items as they were in the bill as reported by the Finance Committee. I do not think these particular items were materially changed in the report of the conference committee, which afterwards was enacted into law by Congress. If I read any article in which there has been any material change, I know that the Senator from Utah is so very familiar with the subject that he can correct me.

Mr. SMOOT. There were very few changes.

Mr. BACON. There were very few changes, and I do not think there were any in this particular part of the bill.

Mr. SMOOT. And perhaps none on those particular items.

Mr. BACON. I now read from paragraph 378 of the bill:

"On clothing, ready-made, and articles of wearing apparel of every description, wool hats, shawls, whether knitted or woven, and knitted articles of every description made up or manufactured wholly or in part, felts not woven, and not specially provided for in this section," and so forth, the ad valorem duty, according to the testimony of the experts of the committee submitted in the table, was 95.98 per cent—nearly 96 per cent.

Mr. SMOOT. That is on importations.

Mr. BACON. Yes; the customs duty. You might say, in round numbers, the duty is 96 per cent. It lacks only two one-hundredths of 1 per cent of being 96 per cent.

"On women's and children's dress goods, coat linings, Italian cloths, bunting, and goods of similar description or character, composed wholly or in part of wool," the duty is 118 per cent ad valorem.

According to another paragraph, paragraph 376—I am reading this backward, because I am beginning at the lower and going on the ascending scale—"on women's and children's dress goods, coat linings, Italian cloths, and goods of similar description and character," and so forth, the duty is 115.53 per cent ad valorem.

"On cloths, knit fabrics, and all manufactures of every description made wholly or in part of wool, not specially provided

for in this section," and so forth, the duty is 141 per cent ad valorem.

"On yarns made wholly or in part of wool," and so forth, the duty is 143.02 per cent ad valorem.

And, to cap the climax of all, the thing which, if anything, ought to be cheap and which is necessary to the comfort of the people when they go to bed at night to protect themselves and their children from cold and disease, on blankets the duty is 165.42 per cent ad valorem.

Mr. President, I brought that in simply because of the statement of the Senator that on these particular articles, as well as on others, and on the particular class of goods he mentioned, there was no hearing on the part of the other House which would give information as to the difference of cost abroad and at home of those particular articles. I then propounded the inquiry whether or not these enormous and exorbitant rates on things of everyday use, necessary not only for comfort, but for health, were due to the fact that the Senate Finance Committee did not have the requisite information at the time, or whether in the opinion of the Senator those are now proper duties?

Mr. SMOOT. Mr. President, it would take a considerable length of time to go into this question in detail, but I want to say to the Senator that the fact that a certain grade of blankets protected by a 165 per cent ad valorem duty is being proclaimed throughout the country for the purpose of creating the impression among the people that all woolen blankets carry that high and excessive rate—

Mr. BACON. Very naturally.

Mr. SMOOT. But those who proclaim it do not stop to tell the people that the blanket that is imported carrying a duty of 165 per cent costs below 30 cents a pound, whereas fine scoured wool, without being touched by way of manufacture, was worth 60 cents a pound, so it can not be a straight all-wool blanket. If it was a woolen blanket—and Schedule K was made for woolen goods—the rate would not be 165 per cent. If the manufacturer in a foreign country mixes cotton, shoddy, mungo, and chopped-up rags from the discarded clothes of the people of the world with a little wool and calls it a woolen blanket and ships such blankets into this country as woolen blankets, I care not what the duty on them may be.

I will say to the Senator that the profit on the blankets that are made in this country of wool does not at any time exceed 10 per cent, and the woolen mills would be delighted to make them at a rate of 10 per cent profit. Senators talk about woolen cloth. Schedule K is formed on a scientific basis, as it was in the early sixties, and with a view that woolen goods would be made of wool. If we reduce the rates in Schedule K to provide an ad valorem duty of 50 per cent on a 30-cent-per-pound blanket, I tell Senators that every piece of woolen cloth, every woolen blanket, and every piece of woolen dress goods would come into this country on almost a free-trade basis, and no mill in this country could survive such a rate. It is for that reason that these large percentages of ad valorem duties can be pointed out. Take the importation of 30-cent-per-pound blankets, they amount to nothing.

Mr. BACON. Of course it amounts to nothing with a 165 per cent duty on them, which is prohibitory.

Mr. SMOOT. Mr. President, the blanket which comes in here with not a pound of pure wool in it is sold to the American people for a woolen blanket. Take yarns at 40 cents a pound. Scoured wool was worth 60 cents a pound; and with all the work that is put upon it, it is possible that the Senator will say that yarns under 40 cents per pound is woolen yarn; yet the law is that if there is wool in it, or a component part of it is wool, it has to pay woolen rate. If you would take high-priced woolen yarns the ad valorem rate would be more than cut in two.

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. SMOOT. Certainly.

Mr. GORE. Mr. President, the Senator speaks of blankets being made, I believe, at a profit of 10 per cent. I wish to say that that is not applicable to all woolen goods. I want to call the Senator's attention to the fact that Schedule K was finally agreed to on June 11, 1909, upon the Payne-Aldrich bill. On June 15, 1909, four days later, the directors of the Whitman Mill declared a dividend of 33 per cent.

Mr. SMOOT. Made upon real estate.

Mr. GORE. Mr. President, I exploded the thriftiness of that real estate transaction in a former session of the Senate.

Mr. SMOOT. Mr. President, all I have to say in answer is I know nothing of the facts other than by letter. I do not know whether the letter contained a falsehood or not, but I received that information by letter.

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield further to the Senator from Oklahoma?

Mr. SMOOT. Certainly.

Mr. GORE. Mr. President, the Senator, I think, has confused his facts. The Senator from Massachusetts [Mr. Lodge] alleged that an extortionate dividend realized by one mill in Fall River, Mass.—I think the Troy mill—was due to a successful real-estate transaction. I allude to a subsequent occasion when the directors of the Whitman mill declared a dividend of 33 per cent after Schedule K was agreed to in the Senate and after the real-estate transaction referred to by the Senator from Massachusetts and after the real-estate dividend had been declared.

Mr. SMOOT. Mr. President, of course all I know is from information I received by letter; but I want to ask the Senator does he know whether, if the case is as represented by him, it was not a cumulative dividend, one that the company had been earning and laying aside for many years?

Mr. GORE. Mr. President, I think I quoted the figures at the time concerning the granting of those dividends, showing the capital stock and showing the surplus. One mill, I remember distinctly—a cotton mill, however—had accumulated a surplus exceeding its capital stock and had declared a dividend for nine years—an annual dividend—of 67 per cent.

I will say now that on the occasion when the 33 per cent dividend was declared, a half million additional stock was issued, I presume in order to moderate the appearance of high dividends in the future.

Mr. SMOOT. Mr. President, in answer to the Senator from Oklahoma [Mr. Gore], who says that a profit of 10 per cent is not the case on other cloths, I will say I am positive that there is not a woolen mill in the United States that would not be perfectly willing to contract its entire output at a profit of 5 cents a yard, unless, perchance, it might be a mill or two that is making the finest sort of goods. I know the ordinary mill would be delighted to contract every yard of their production at a profit of 5 cents a yard.

It takes 3½ yards of cloth, on an average, to make a man a suit of clothes, thus giving a profit to the manufacturer of only 17½ cents on a suit of clothes.

Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Missouri?

Mr. SMOOT. I do.

Mr. REED. I understood the Senator to say awhile ago that there was a changed condition—that is, a change between the condition now and the condition which existed two years ago, when the Payne-Aldrich bill was passed—and to specify as to that change that there had been a reduction since then in the price of wool. Could the Senator tell us about how much?

Mr. SMOOT. I judge about 6 cents per pound.

Mr. REED. A pound?

Mr. SMOOT. A pound.

Mr. REED. But the Senator also said that there had been a reduction in the price of mutton. Could the Senator tell us about how much?

Mr. SMOOT. About 1½ cents.

Mr. REED. Will the Senator enlighten us whether the Payne-Aldrich bill raised the tariff on wool and woolen goods or lowered it?

Mr. SMOOT. It lowered it, Mr. President, on a few items.

Mr. REED. But, on the whole, raised it, did it not?

Mr. SMOOT. It did not raise it on a single item.

Mr. REED. How much did it lower it?

Mr. SMOOT. I said a very little on a few items.

Mr. REED. So that, notwithstanding the enormous protection of the Payne-Aldrich bill, it nevertheless remains true that the price of wool and of mutton have both decreased in the United States?

Mr. SMOOT. Yes; and if the Senator and others keep up this agitation much longer, and keep the business of the country unsettled, it will go still lower.

Mr. REED. Well, after you had settled it by the Payne-Aldrich bill, do you not think that that ought to have completely restored confidence to the country and sent your wool sky high? But I do not care to go into that; I want to get the facts.

Mr. SMOOT. Mr. President, the facts are that ever since the Payne-Aldrich bill passed there has been an agitation in this country for revision of Schedule K, and there has been a feeling that there was to be a change; and, of course, no manufacturer is going to buy wool upon an 11-cent duty basis when he expects there is to be a reduction in the duty. Does not the Senator know that a woolen manufacturer who buys a pound of wool to-day does not get his money out of it for over 12 months?

It has to be put through the process of manufacture, then sold to the clothing manufacturer sometimes four or five or six months before the day of delivery, and then is compelled to give four months' time on invoice dated ahead.

Mr. REED. I only desire to have the fact, from an expert upon the matter, appear in the RECORD that, notwithstanding the passage of the Payne-Aldrich bill, which is supposed to confer untold benefits upon the wool and woolen industry, the price of both wool and woolen goods has decreased enormously, and I want to stick a pin here so that if the price should go further down in the course of the development and competition of this country, our friends will not say it is because the wicked Democrats lifted some of the burdens from the backs of the people.

Mr. SMOOT. If the Senator from Missouri could speak for the Democrats upon the other side of the Chamber, and to-day say that they would vote against the House wool bill and that it would not pass, the price of wool would increase immediately.

Mr. REED. For how long?

Mr. SMOOT. Until agitation was started again or a panic should interfere.

Mr. REED. It is evident then, Mr. President, if the Senator's statement is correct, that there would be more potentiality in my poor voice to raise the price of wool than there was in the Payne-Aldrich bill.

Mr. SMOOT. No, Mr. President; I said if the Senator could speak for the Senators upon the other side of the Chamber—not his poor voice. I referred to the voice of the Democratic Party.

Mr. REED. Then there would be more potentiality in our promise than there was in Republican performance rendered through the Payne-Aldrich bill.

Mr. SMOOT. It all depends upon what the promise is. In this case it would preserve the Payne-Aldrich bill.

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. SMOOT. I yield the floor, Mr. President.

Mr. GORE. I wish to propound a question.

The VICE PRESIDENT. The Senator from Utah yields the floor. The Senator from Oklahoma is recognized.

Mr. GORE. I wish to ask the Senator from Utah whether wool is as low to-day, or whether wool has been as low since the Payne-Aldrich bill passed, as it was in September, 1908?

Mr. SMOOT. In 1908 there was a money panic, as the Senator from Oklahoma knows.

Mr. GORE. No; that was in October, 1907.

Mr. SMOOT. But the wool sold in 1908 was affected by the money market, and the panic extended into 1908.

Mr. GORE. Under what sort of Schedule K did that panic occur?

Mr. SMOOT. Under the present schedule.

Mr. GORE. Was that due to agitation on the Democratic side of this Chamber?

Mr. SMOOT. No one ever claimed that it was. I said, in answer to the Senator from Missouri [Mr. REED], that the price would decrease either through agitation or a money panic of some kind.

Mr. GORE. Mr. President, one further question. I did not understand whether the Senator from Utah stated that woolen cloth and woolen goods had declined correspondingly with the decline in wool?

Mr. SMOOT. Mr. President, that is rather a hard question for me to answer, because of the fact that I have not given special attention of late to the wholesale price of woolen goods in the way of comparing prices one year with those of another.

Mr. BACON. Mr. President, I simply want to say one word before the Senator from Utah leaves the subject, and that is that he has opened a new suggestion to me, which is that the real purpose of the high protective tariff on wool, with the duties, which I have read, ranging from 85 per cent up to 165 per cent, was to protect the American people against shoddy goods.

Mr. SMOOT. If the Senator will read the debates on every tariff bill since 1883, or since the inauguration and adoption of the present system of tariff legislation of the wool schedule, he will find the theory of Schedule K is as I have stated.

Mr. BACON. Mr. President, I probably did not express myself properly, or probably the meaning intended was not fully appreciated by the Senator in the manner in which it was expressed. I quite grant the proposition that the duties in many of the items which I have read are for the purpose of protecting the manufacturers of shoddy goods in this country. I grant that; but I understood the Senator in his remarks to-day to intend to suggest the proposition that the purpose was to pro-

tect the people themselves from the wearing of inferior goods, and not for the purpose of protecting the manufacturers of similar goods.

Mr. SMOOT. I referred to the fact that articles come into this country as woolen goods and considering the price for which they are sold the people ought to be protected and ought to know that they are not woolen goods. For instance, let me again call the Senator's attention to the price of blankets. He refers to blankets, as a good many others have done of late, and the 165 per cent duty on them; that is, the duty on blankets valued at not to exceed 30 cents a pound. Some of the imported blankets are valued at less than 30 cents a pound and none mentioned by the Senator exceed 30 cents a pound. Remember that. At that time fine wool was worth 60 cents a pound clean; let us say, it costs 90 cents a pound to produce a straight wool blanket. The duty on that class of blankets would be one-third of the duty on blankets valued at less than 30 cents a pound, or 55 per cent ad valorem, instead of 165 per cent.

Mr. BACON. Well, Mr. President, but when you reduce it to an ad valorem basis, it does not in any manner relate to the question of a specific duty—

Mr. SMOOT. No; not at all.

Mr. BACON. Because the ad valorem that is stated here is the equivalent of both the specific and the ad valorem.

Mr. SMOOT. I know that, Mr. President.

Mr. BACON. I know the Senator knows it; I am quite sure of that.

Mr. SMOOT. But I was telling the Senator that if you take an imported woolen blanket valued at 90 cents a pound, instead of the rate on woolen blankets being 165 per cent, it would be 55 per cent.

Mr. BACON. Well, Mr. President, here is a report brought to us by the Finance Committee itself, stating the fact that upon blankets, adding together the equivalent of the specific duty and the additional ad valorem duty, the ad valorem equivalent is 165 per cent.

Mr. SMOOT. Mr. President, that is true; but it is upon blankets the value of which is under 30 cents per pound.

Mr. BACON. I have not got the table before me now, because I gave it to one of the reporters; but, Mr. President, 165 per cent is of course the maximum. There are some classes of blankets on which the rate is not so great; but on all of them there are most exorbitant rates of duty.

Mr. SMOOT. I will ask the Senator, is it not true that if the value of the blankets imported into this country had been 90 cents per pound, instead of 30 cents, the ad valorem duty would have been 55 per cent, instead of 165 per cent?

Mr. BACON. The Senator means to say that the different classes of blankets that are put in different tables—

Mr. SMOOT. They are all in the tables as to valuation.

Mr. BACON. Exactly; but they are not all dutiable at 165 per cent.

Mr. SMOOT. No; that is what I say. I was simply saying that if there is imported into this country a woolen blanket valued at 90 cents a pound, which is three times the value of a blanket at 30 cents a pound, under the same duty the ad valorem equivalent instead of being 165 per cent would be one-third of that, or 55 per cent.

Mr. WILLIAMS. Mr. President—

The VICE PRESIDENT. Does the Senator from Georgia yield to the Senator from Mississippi?

Mr. BACON. I do.

Mr. WILLIAMS. I should like to ask the Senator from Utah [Mr. Smoot] a question. From his statement it appears that there is a duty of 55 per cent ad valorem, when it is reduced to an ad valorem basis, upon the higher quality of all wool and the higher priced blankets, and that there is a duty of 165 per cent upon shoddy blankets. Is that correct?

Mr. SMOOT. Such blankets as have a little wool in them, but I want to say that the 165 per cent—

Mr. WILLIAMS. When I use the word "shoddy," I mean a thing that makes a pretense of being wool when it is not. Is that true or substantially true?

Mr. SMOOT. Yes, Mr. President; but in connection with that, I want to say to the Senator that I suppose the only blankets that are shipped into this country at that price and which carry that rate are brought in more than likely as samples, and are not sold to the people to any extent and should not be. Look at the amount of importations and you will see that is the case.

Mr. WILLIAMS. I understand that, Mr. President, and I understand that 165 per cent is very apt to be prohibitive, but that is not the point that I am raising. The point that I am raising is that, according to the Senator's statement, all-wool blankets are protected at a rate of about 55 per cent, according

to his calculation, and that shoddy blankets are protected at a rate of 165 per cent. Now, I want to ask the Senator, as a Republican leader, with a very potent voice in connection with tariff legislation, upon what basis of justice, right concept, Republican tradition, or anything else, he defends the policy of protecting the manufacturers of shoddy blankets in the United States by a duty of 165 per cent?

Mr. SMOOT. Mr. President, if the cheaper class of blankets were imported as cotton blankets, and a cotton blanket is 100 times better than the mungo or cotton waste—

Mr. WILLIAMS. I understand that.

Mr. SMOOT. They would not carry this high rate, but they are imported as and sold for wool blankets.

Mr. WILLIAMS. I understand that.

Mr. SMOOT. They are labeled "wool blankets," and they are intended to deceive the people and to be sold to the people as wool blankets, but they are not such.

Mr. WILLIAMS. I understand that. Now, Mr. President, one question more: Do the imported shoddy blankets, made out of cotton with a wool pretense, an outward and visible sign of wool without any inward substance, come in competition in America with anything except the same sort of blankets manufactured in America; and is not the object and result and effect of the duty to protect by 165 per cent American fraudulent institutions which are also manufacturing exactly the same sort of blankets? In other words, would not the blanket that would come in as a cotton blanket, frankly making no pretense, come in competition with a blanket in America manufactured as a cotton blanket and making no pretense; and a shoddy blanket from abroad meet in competition in America the shoddy blanket made in America? And there stands a duty of 165 per cent to encourage the American manufacturer of shoddy blankets to go on in his business.

Mr. SMOOT. If the Senator understood the woolen business and the manufacturing of woolen goods he would know that many manufacturers who make low-grade blankets, especially in the same mill where higher grade goods are made as well, the waste of the mill is made into blankets; and the competition in American mills upon this grade of blankets is so sharp that there is no profit upon them.

Mr. WILLIAMS. That is not the question I asked.

Mr. SMOOT. Well, that is the result.

Mr. WILLIAMS. I do not know about that.

Mr. SMOOT. That is the result.

Mr. WILLIAMS. And while I am not very fond of hearings, it would require a great many hearings to convince me that that is the result. But what I am asking the Senator is this: To attempt, if he can, to defend the Republican policy of protecting American manufacturers of shoddy blankets by a duty of 165 per cent?

Mr. SMOOT. That is not the theory of the bill at all. The theory of the bill is to protect woolen goods, because it is a woolen schedule and not a shoddy schedule.

Mr. WILLIAMS. But did not you say a moment ago that it applied to blankets which came in with the fur on them and with the felt?

Mr. SMOOT. Not in those words, Mr. President.

Mr. WILLIAMS. Yes; and in that case it amounted to 165 per cent, and do not you admit that that sort of blanket competes with its own sort in the American market, and therefore the protection is a protection of shoddy blankets, whether that was the intent or not; and are you not willing to join us in removing that duty which protects every shoddy blanket, thus helping to deceive the American people by selling to them shoddy instead of wool?

Mr. SMOOT. I want to say to the Senator from Mississippi, as I said to the Senator from Georgia, that if the rate in Schedule K was only sufficient to protect shoddy blankets, called wool, the American manufacture of woolen goods would be upon a shoddy basis, and I, as an American, would prefer to see all wool goods made by American workmen rather than to reduce the rate to a shoddy basis and have shoddy goods only produced by American labor.

Mr. WILLIAMS. Then why has the Senator so cunningly devised a tariff schedule as to protect all-woolen blankets by only 55 per cent while he protects shoddy blankets by 165 per cent?

Mr. SMOOT. I thought I had stated that over and over again, and I do not know that I can give the Senator any more enlightenment than I have.

Mr. WILLIAMS. I do not think you can either—

Mr. SMOOT. I am glad to have the Senator so admit to the Senate.

Mr. WILLIAMS (continuing). But I merely wanted to disclose the fact that you could not.

Mr. GORE. Mr. President, I believe I can answer the question of the Senator from Mississippi perhaps better than the Senator from Utah saw fit to answer—

Mr. WILLIAMS. I hope so.

Mr. GORE. With reference to the Senator's disposition to reduce the extortionate duty on cheap blankets.

According to the statistics of the Treasury Department submitted to us two years ago the duty on the most expensive character of blankets was 70 per cent. The duty on the cheapest kind of blankets was 165 per cent, I believe. I submitted a motion in the Senate to reduce the duty on cheap blankets from 165 per cent to 70 per cent, so that costly blankets and cheap blankets would pay exactly the same duty, so that the blankets purchased by the rich and by the poor should pay exactly the same duty. That motion was voted down in the Senate almost by a strictly party vote. The Senator from Utah voted against that motion. That answers as to their disposition to discriminate between the two characters of blankets.

ELECTION OF SENATORS BY DIRECT VOTE.

Mr. SMITH of South Carolina. Mr. President, yesterday the Senator from Mississippi [Mr. WILLIAMS] had sent to the desk and printed in the RECORD an editorial from one of the leading papers in my State in reference to a certain amendment introduced by the Senator from Kansas [Mr. BRISTOW] with respect to the election of the Senators by the direct vote of the people. That editorial being printed in the RECORD might lead to a misapprehension as to the sentiment of the people in my State in reference to the action taken by a Senator representing that State on this floor. Therefore, though I do not pretend to indorse either editorial, I ask the privilege of having printed in the RECORD an editorial from the other leading paper in order to counteract any misapprehension as to the sentiment of the people of my State in reference thereto.

The VICE PRESIDENT. Without objection, permission is granted.

The matter referred to is as follows:

TALL MEN NEEDED.

[Editorial article in The State, Columbia, S. C., June 21, 1911.]

When WILLIAM E. BORAH, insurgent Republican from Idaho, speaking in the Senate in the latter days of the Sixty-first Congress, tore the sham of Republican love for the negro from that pathetic political figure, asserted the existence of universal race antagonism in this country, charged flagrant hypocrisy on the part of Republicans for assuming for political purposes such friendship, and declared in effect that the negro issue was dead, there was applause in the South for the boldness and frankness of the speaker, and the whole country appeared to accept his portrayal of conditions as a true description. There was recognition throughout the country that the intelligence and sanity of the country had, after playing it more than 40 years, advanced beyond that phase of the political game.

When northern Republicans holding high office voluntarily concede political equality and political independence of the Southern States, and hold the small minority of South haters impotent to draw sectional lines for the punishment or humiliation of Southern States for dealing with their problems in their own way, it would be only compatible with the dignity and self-respect of representatives of the South to regard as settled that which is thus conceded, and to refuse to entertain the idea of this marvelously developing section being ever again regarded by other parts of the country as a subject province.

It is time for men from the South to stand in the National Congress not merely in the attitude of local representatives, but as American statesmen and lawmakers. It is past the day for southerners to huddle together like sheep at a note of alarm sounded by a timid Member, and to imagine that tricks of legislation can be used to oppress or are needed to defend this section. It is time for the South to be exhibiting tall men in Congress, men with faith in themselves and in their whole broad country, men whose view is not confined to their State or section and who are not frightened by such scarecrows as the Bristow amendment.

To be great there must be self-reliance and infinite faith in inherent strength. A United States Senator publicly opposed compulsory education in South Carolina on the ground that if educated the negroes would occupy fields of endeavor now monopolized by whites, and the whites would suffer. When there is such lack of faith in the inherent superiority of the whites as is expressed in such an argument, how far toward power and independence will such leadership carry the whites? Given equal opportunity, the white man fearing negro competition in life's race is not worthy to triumph. To be worthy he must have faith in himself, and for the South to be worthy of power and independence it must have faith in itself and the justness of its position.

Instead of cringing before the menace of a political switch such as the Bristow amendment, the South's Senators should spurn the suggestion of the rights of their States being invaded, just as New England Senators would scoff the idea of political oppression by a combination against their section of the South and the West.

RECIPROCITY WITH CANADA.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 4412) to promote reciprocal trade relations with Canada, and for other purposes.

The VICE PRESIDENT. The question is on the amendment recommended by the committee.

Mr. BACON. What is the amendment?

The VICE PRESIDENT. The amendment commonly known as the Root amendment—the Root amendment.

Mr. CUMMINS. Mr. President, it is not my intention at this time to discuss the general features of the bill before us.

At a later day I shall ask the Senate to hear from me in regard to the amendments which I have proposed to the bill. I can not, however, permit a vote to be taken upon the amendment presented by the committee and which bears the name of the Senator from New York [Mr. Root] without giving as briefly as I can the reasons which will control my vote upon that amendment.

I shall vote against it, but I shall not vote against it because it is either in harmony or out of harmony with the agreement which is said to have been made between the Executive Department of the United States and certain representatives of the Dominion of Canada. I shall vote against it because I am in favor of free wood pulp and of free print paper. I am in favor of the free admission to the markets of the United States of these articles, because I believe that the manufacturers of paper in the United States have by a long-continued and successful effort practically eliminated competition from this enterprise in America.

I believe it to be true that the prices at which print paper is sold in the United States are not determined by the ordinary rules and forces of trade and commerce. I believe that these manufacturers have so restricted their own operations, have so manipulated the business in which they are engaged, that they fix for the publishers of the United States just such price as they desire to demand for what they produce. I believe that every American competitive industry is entitled to a protective duty which will in substance measure the difference between the cost of producing at home and elsewhere, with this one exception, which I am about to name.

I more than once said, and I repeat now, that according to my political philosophy, according to my economic views of the welfare of the people of the United States, the consumer of any article or commodity has a better right to competition in the production and the sale of that commodity than the producer has to protection in that commodity; and, in so far as I am able to do it, when I can separate any such article from the mass which may be contained in any schedule, I never intend to vote for any protection upon any article in which, or concerning which, competition has been by unlawful agreement, conspiracy, or practice destroyed in our own country.

I am a believer, notwithstanding some modern doctrines in that respect, in competition. I believe it is the only force which can be depended upon in industrial life to safely and fairly and justly determine prices. I believe it is the chief factor in a reasonable and fair and just distribution of the wealth which is from time to time produced by the labor of man.

I think it is the highest duty of the Congress of the United States to fashion and mold every enactment with the purpose to preserve in the business affairs of this country that effective and substantial competition which will protect not only those who are engaged in the business, but those who must buy the products that are the result of the business.

Mr. BAILEY. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Texas?

Mr. CUMMINS. I do.

Mr. BAILEY. I cordially agree with the Senator in thinking that competition is still the life of trade, and most desirable, but unless I misunderstand this matter, the Paper Trust, if it be a trust, would be substantially in the same position when the tariff is taken off of wood pulp and print paper as it is today with the tariff on both. In other words, unless I am mistaken, the repeal of the duty on their raw material will fully compensate the paper manufacturers for the repeal of the duty on their finished article.

Mr. CUMMINS. I understand perfectly the point to which my friend the Senator from Texas refers, and I agree entirely with the view which he expressed upon that subject a few days ago. I, however, am powerless to change this situation in that regard. All that I can do at the present time is to see to it, in so far as my vote is concerned, that print paper shall come from Canada free of duty or paper of the value of 4 cents per pound or less. If I had my way there would be no such limitation in the bill. I see no reason for admitting free paper that costs 4 cents a pound or less that does not equally apply to paper that costs more than 4 cents per pound, but I can not rewrite this measure. I can not inject into it my own opinions with regard to the proper adjustment, and I am limited to the mere recording of a vote at the present time upon the amendment proposed by the Senator from New York.

I do not claim that the tariff is now or will be in the future the chief instrument for the destruction of those combinations which have fastened themselves upon the American people, and which have destroyed in many of the great fields of enterprise

the competitive forces upon which the world has heretofore depended for its safety. It is, however, one of the instruments which we can employ to make it more difficult for the American manufacturer to combine with his fellows in order to extinguish the competition, which will, if permitted its free and its full effect, fairly regulate prices in our country and protect the consumer of all articles against the unchecked avarice and greed of men who take all they can and keep all they take.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Idaho?

Mr. CUMMINS. I do.

Mr. BORAH. I wish to ask a question for information. What difficulty will there be upon the part of the trust to extend its operations across the line?

Mr. CUMMINS. I do not say that the free admission of this or any other article will effectually and permanently prevent the organization of trusts. It is possible for the manufacturers of the United States to combine with the manufacturers of Canada and then exact whatever prices they may see fit to demand. My only answer to the inquiry of the Senator from Idaho is that it will be more difficult for the manufacturers of paper in the United States to embrace in their combination all the manufacturers of the continent than it has been to take in the manufacturers of our own country.

I have no sympathy with the modern doctrine which is disseminated so carefully not only by the selfish but the altruistic; I do not believe in the propaganda that comes at the same time from the lover of humanity and the captain of industry, namely, that we must permit the business of the United States to combine, to monopolize, and then attempt to protect the people by a Federal commission which shall fix the price of the things they make and sell.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from New Hampshire?

Mr. CUMMINS. In just a moment. I do not believe that at this day and in our age the Government of the United States should undertake to fix the price of everything in which the American people deal, and when it does undertake that function it will have absorbed so much of the energy of the Nation that it may well take the next step, and it will very speedily take the next step, of excluding entirely the individual interest in our industrial life.

I now yield to the Senator from New Hampshire.

Mr. GALLINGER. Mr. President, I will be glad to join at any time with the learned Senator from Iowa in legislation dealing with trusts when they are declared to be trusts, but I think the Senator will agree with me that it has never been determined that there is such a thing as a paper trust in the United States. It has been charged—

Mr. CUMMINS. I think the Senator from New Hampshire is mistaken about that.

Mr. GALLINGER. No; I think some of the officials have been indicted, but it has not yet been determined that it is a trust in restraint of trade. But, however that may be—and I think I am correct—the Senator is aware, of course, that there are a great many independent manufacturers of paper in the United States.

Mr. CUMMINS. I am.

Mr. GALLINGER. And if this so-called trust, which has not yet been legally determined to be a trust, is to be punished by opening our markets to Canadian paper, I suppose all these independent manufacturers will likewise be punished.

Then, again, I should like to ask the Senator this question—we will take the International Paper Co. as an illustration: Would he be in favor of dissolving that corporation and reestablishing 25 or 30 small paper concerns over the country; and, if that could be done, does he think it would reduce the price of paper?

Mr. CUMMINS. I do not base my belief with regard to the character of the Paper Trust upon any judicial proceeding. That belief arises from a somewhat careful examination of the evidence that has been laid before the Finance Committee, and a somewhat studious investigation with respect to the general operations of this company in the United States, and some experience with the paper mills of the United States. I had, while governor of the State of Iowa, the duty put upon me of buying from the paper mills of this country the supplies for the State of which I was governor, and I became somewhat familiar with the general subject.

With regard to the following question, I understand perfectly that some hardship might follow the rule which I advocate. I know that there are some alleged independent manufacturers.

They are independent in the sense that they are not financially combined with, or absorbed into, the Paper Trust, but I believe it to be true that the Paper Trust substantially dominates the business and determines the prices, and fixes the conditions upon which paper shall be sold, and to whom paper shall be sold, and by whom paper shall be sold to particular purchasers; and if I must impose a hardship upon the independent, or so-called independent, manufacturers in order to relieve the people of the burden of these greater evils I choose to destroy the trust rather than to preserve the independent manufacturers.

Mr. GALLINGER. Now, Mr. President, one other question, if the Senator pleases.

Mr. REED. We can not hear the Senator from New Hampshire.

Mr. GALLINGER. I wish to ask the Senator from Iowa one other question, if he will permit me to do so.

Mr. CUMMINS. I am very glad to yield to the Senator from New Hampshire.

Mr. GALLINGER. I think I am correct in saying that the International Paper Co., which is the company always haled into court—at least the court of public opinion—manufactures print paper exclusively. The independent companies, so called, make different grades of paper, and there are I do not know how many hundreds of different kinds of paper made in this country.

Now, while the destruction of this so-called trust may be a good thing in the broad sense—I have never been persuaded that it is a trust, but we will admit that for the sake of the argument—our anxiety is always expressed in behalf of the ultimate consumer. I will ask the Senator, in all seriousness, if print paper from Canada is admitted free of duty and while it will, it is alleged, put \$6,000,000 into the pockets of the publishers of newspapers in this country—one is to receive \$550,000 out of it—will it help, to an infinitesimal amount, a single man who buys his 1-cent paper or his 10-cent magazine?

Will it not put that money absolutely into the coffers of the rich men who are now making enormous profits out of the publication of large newspapers? One gentleman, who gave testimony that his concern was a small newspaper compared to many others, said that his profits are \$200,000; and yet he wants free print paper to make larger profit.

Mr. CUMMINS. I am not inquiring into the financial operations or the financial successes of newspaper publishers. I have looked upon the newspaper publisher as a consumer of this particular commodity. I take it for granted, however, that in the general attrition of affairs, if we had the competition in this country that we ought to have, if the newspaper publisher can buy his paper for \$500,000 per year less than he now pays, somehow and somewhere the people who deal with that newspaper publisher will receive the benefit, or a part of the benefit, of the reduction in price.

Mr. GALLINGER. Now, if the Senator will permit me—

Mr. CUMMINS. I am simply endeavoring to plant myself upon the competitive idea in the business of the United States.

Mr. GALLINGER. I will not interrupt the Senator further. It has troubled some of us to discover a way whereby the ultimate consumer, the man who buys the newspaper or who advertises, is going to derive any benefit whatever out of this. One gentleman before the committee did say that he thought they might make the newspapers a little larger than they are. I would pray heaven that they would make them smaller, rather than larger, if I had my way. I think they are big enough now.

Mr. CUMMINS. I am not intending to quarrel with the Senator from New Hampshire upon that point. I am not here as the defender or apologist of the newspapers. Formerly they treated me with some kindness, but anyone who has seen the issues of the newspapers for the last few months will understand my selfishness in what I am now saying.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER (Mr. Brown in the chair). Does the Senator from Iowa yield to the Senator from Idaho?

Mr. CUMMINS. I do.

Mr. BORAH. Assuming that there is a Paper Trust and that it is in control in a large measure of the American market with reference to the production and sale of paper, but assuming also that there are some independent paper companies, would it not be better to pass the resolution of the Senator from Ohio [Mr. POMERENE] instead of passing this reciprocity bill in order to get rid of the trust?

Mr. CUMMINS. I am not for the reciprocity bill, and therefore I can not speak for those who do favor it in its present form. With respect to the proposal of the Senator from Ohio, I am entirely favorable to his suggestion, for I believe that the

man who violates the law ought to suffer the consequences of his violation of it.

Mr. BORAH. I suppose the Senator, though, would favor a limitation upon attorneys' fees in case the prosecution was begun.

Mr. CUMMINS. I am convinced upon that point that it will be vastly more economical for the Government to increase the force of its regular employees and abandon the practice of employing special counsel.

Mr. President, I do not want it to be understood from anything I have said that I do not believe in the modern development of business. I understand perfectly that business must be carried on in a big way in these days, in a way so big and comprehensive that it can employ all the economies which are known to modern times. But there is no field of enterprise so small that it is not sufficient to hold more than one concern; I care not whether it is the business of selling peanuts or the business of manufacturing steel rails; the field is large enough to absorb and employ all the energies of mankind and all the capital that can contribute to economy and still preserve competition in its most effective form.

This is not material to the present discussion, of course. I have thought it necessary to digress a moment in order that it might be understood fully why I propose to vote against this amendment. I did not want it to be thought by any Senator that I was voting against it because I believe it to be either with or against the original agreement for reciprocity with Canada. I do not recognize any original agreement. I entirely dissent from the view that the President of the United States had any power to make any proposition to Canada or receive any proposition from Canada looking to a change in the tariff laws of the United States. I shall discuss that phase of the matter at some later time.

I do not criticize our Chief Executive because he entered upon the investigation of our tariff or commercial relations with Canada. I applaud him for his industry in that respect. But if we are to observe the Constitution of our country, if we are to preserve those relations which ought to exist between the coordinate branches of the Government, our Executive must pause and stop short of creating any condition out of which any obligation arises, moral or legal, for the change of our tariff laws. That power is in Congress alone. It is not only in Congress alone, but any proposition looking to a modification of our revenue laws must originate in the House of Representatives. If the President has the power to do what he has done, then as the Senator from Minnesota [Mr. NELSON] said, and so well said, the other day, our relations with Canada could be changed by the mere assent of two-thirds of the Senate without any reference whatsoever to the House of Representatives.

This bill must be considered as though it had originated in truth and in fact in the House of Representatives. It must not be treated as having been originated anywhere else in any other department of the Government. I would not care to say so much as this were it not that I intend to insist later on upon that freedom of consideration, that liberty of amendment, and not only the legal right of amendment but the moral right and duty of amendment, which ought to be felt by every Senator in this body.

I would not say one word with regard to the contention of my distinguished friend from New York, with regard to the harmony of this amendment with the arrangement made between the Secretary of State of the United States and the two representatives of the Dominion of Canada, were it not that I can not stand silently by and see a doctrine of that sort become the prevalent impression throughout the country.

The senior Senator from New York says the President has stated in a speech delivered somewhere, I think in Chicago, that his amendment—that is, the amendment proposed by the committee, is according to the original arrangement. I do not think it is. I submit to the Senate that it is not only not in harmony with the original arrangement, but it is in direct and positive opposition to the original arrangement. The truth is that the bill as introduced in the House of Representatives is not an accurate statement of the arrangement made between the State Department of our country and the ministers of Canada. Why? Because the bill as originally introduced in the House of Representatives and as passed by the House of Representatives omits the condition upon which paper is to be admitted free into Canada. I agree to the criticism of the bill made in that respect. The proposed amendment, however, attaches a new condition upon the admission of certain paper and pulp and wood into the United States, and therefore we have a bill here which, if unamended, does not conform to the original arrangement and which, if amend as proposed by the

Senator from New York, overthrows the entire spirit and purpose of the original arrangement so far as wood pulp and paper are concerned.

I can prove that, I think, so plainly and so effectually that there can be no longer doubt about it. It will be remembered that Schedule A, which is found in the message of the President transmitted to the Houses of Congress January 26, 1911, was attached to the letter signed by Mr. Fielding and Mr. Patterson to the Secretary of State, and that letter, together with these schedules, constitute whatever proposition was made by these representatives of Canada to our State Department; and the letter of Mr. Knox accepting these propositions, in so far as he could, constitutes the only acceptance of the proposal. I now turn to Schedule A and ask those Senators who are here to follow me a moment.

Wood pulp, paper, and wood are on the free list, a free list which, according to the title, is to be reciprocal, but the title of the list is of course modified by the conditions which are found in the body of the paper. It first declares on this subject:

Pulp of wood—

And so on—

valued at not more than 4 cents per pound, not including printed or decorated wall paper.

If the agreement or arrangement had ended there, then there would have been an understanding that wood and pulp and paper of the sort described here would be admitted free into the United States and free into Canada. The first condition, however, provides the circumstances under which it shall be admitted free into the United States; that is, it limits the effects of the paragraph to which I have just referred, and that is that this paper and board, and so forth, shall not come into the United States free if it comes burdened with any export duty or restriction or limitation whatsoever upon its export from Canada into the United States. That fixes, according to the agreement, the circumstances under which these articles shall come into the United States free. The substance of this provision is that if the wood from which the paper is made, or the pulp from which the paper is made, or the board from which the paper is made comes from a quarter in Canada which imposes any such duty, fee, or restriction, then it can not come into the United States under this arrangement, but must pay the general duty prescribed by our general tariff law. But if these things come from lands which are not subject to the provincial duties or restrictions or limitations, then such pulp and such board and such paper enter our markets without any duty whatsoever.

The next provision determines the circumstances under which our wood and pulp and paper shall enter Canada free, and it provides:

That such wood pulp, paper, or board, being the products of the United States, shall only be admitted free of duty into Canada from the United States when such wood pulp, paper, or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States.

That is to say, Canada will not admit our wood or pulp or paper until we admit all the paper, all the pulp that may come from any part of Canada free.

Mr. SMOOT. Mr. President—

Mr. CUMMINS. I will yield in just a moment. That simply means, Mr. President, that for the time being we shall admit these articles free if they come from lands that are not subject to these limitations, but that Canada shall not admit our like products free until we give to Canada free paper and pulp from all her Dominion. I now yield to the Senator from Utah.

Mr. SMOOT. I fully agree with the Senator from Iowa in all of his propositions, with the exception of the latter.

Mr. CUMMINS. That is the vital proposition.

Mr. SMOOT. The latter I could agree to if the second proviso was not to be considered in connection with the paragraph, but the words are used in the last proviso. It does not say "provided," but it says "provided also," meaning that it was to be interpreted as a part of the paragraph, and so sure am I that that is the intention of the agreement or the parties to the agreement had that idea that I took particular pains to find out what was said upon the part of Mr. Fielding in the Parliament of Canada. I have with me here a copy of his remarks.

Mr. CUMMINS. I have read them.

Mr. SMOOT. His remarks plainly state that this applied to the paper and pulp of Canada only when the restrictions from every district or, in other words, from all parts of Canada were removed.

Mr. CUMMINS. I have read what purported to be a part of the speech made by one of these ministers in the Parliament of Canada, and I think it was Mr. Fielding; and my recollection of the purport of what he said does not at all agree with the recollection of the Senator from Utah.

Mr. GALLINGER. Will the Senator permit me?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from New Hampshire?

Mr. CUMMINS. Certainly.

Mr. GALLINGER. Mr. Fielding on the 26th day of January introduced into the Canadian Parliament a bill, a copy of which I hold in my hand, but I presume the Senator has seen it.

Mr. CUMMINS. I have it here.

Mr. GALLINGER. I should like to know, because I want to be set right on this question, how the Senator gets rid of the words which I will read:

Provided, That such wood pulp, paper, or board, being the products of the United States, shall only be admitted free of duty into Canada from the United States when such wood pulp, paper, or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States.

Mr. CUMMINS. That is in exact accordance with the arrangement. In fact, it is an exact copy of the arrangement.

Mr. GALLINGER. That is practically the same thing as the so-called Root amendment, as I read it.

Mr. CUMMINS. Not at all. That is just where there seems to be so great a mistake. The proposition which the Senator from New Hampshire has just read fixes the circumstances or conditions under which these articles shall pass from the United States into Canada. The amendment that is proposed by the committee fixes the circumstances and conditions under which the wood pulp and paper shall be admitted into the United States, and therein lies a very great difference between the two.

Mr. GALLINGER. I can not see why this does not operate both ways—

Mr. CUMMINS. Not at all; it was—

Mr. GALLINGER. Because it says that our products shall be admitted free into Canada when the products of Canada are admitted free of duty into the United States from all parts of Canada.

Mr. CUMMINS. Precisely. Canada did not intend that any of our products of the character under discussion should be admitted into the Dominion until the like products from all parts of Canada came into the United States free. The United States intended, however, that these products from lands which are not burdened with these limitations or restrictions should come in at once free of duty, waiting for future developments to see whether we would ever get into Canada free.

Mr. GALLINGER. I am seeking light now; and I should like to ask the Senator where he finds that provision in the agreement or in any statement of the agreement?

Mr. CUMMINS. I have read it already. I will read it again, in order to be sure of it. We first have a schedule—

Mr. GALLINGER. I want the Senator to read the proviso also in connection with it.

Mr. CUMMINS. I will read just as fast as I can. Schedule A is entitled—

Articles the growth, product, or manufacture of the United States to be admitted into Canada free of duty when imported from the United States, and, reciprocally, articles the growth, product, or manufacture of Canada to be admitted into the United States free of duty when imported from Canada.

If there were nothing more, every article mentioned in the list would be admitted into the United States free of duty and would be admitted into Canada free of duty. It requires some sort of modification in order to change that result. Let us see now what it is.

Mr. GALLINGER. That is genuine reciprocity, is it not?

Mr. CUMMINS. I do not call it reciprocity.

Mr. GALLINGER. It is not quite reciprocity. It would be exchange.

Mr. CUMMINS. It is not reciprocity in any sense of the word.

Mr. GALLINGER. No; it is not.

Mr. CUMMINS. It is simply free trade in those articles. In the sense in which free trade is reciprocity, this, of course, would be reciprocity, but not in the sense in which we have used that term heretofore, and especially in the sense in which we have used it as a political doctrine or to describe a political doctrine.

Now, I read—

Provided, That such paper and board, valued at 4 cents per pound or less, and wood pulp, being the products of Canada—

Being the products of Canada—when imported therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, ex-

port license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee, or otherwise) or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board.

Now, we have limited the admission into the United States to certain conditions:

Provided also, That such wood pulp, paper, or board, being the products of the United States, shall only be admitted free of duty into Canada—

Mark you now, the former provision referred to admissions into the United States. This provision refers to admissions into Canada—

shall only be admitted free of duty into Canada from the United States when such wood pulp, paper, or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States.

If the Member of the House of Representatives who brought the bill forward there had wanted to make the bill an exact counterpart of the arrangement between these two departments, there would have been in the bill, in addition to the words now in it, the provision that when wood pulp, paper, and so forth, came into the United States from all parts of Canada free then the manufacturers of the United States should have the right to export into Canada free, and that the Parliament must pass a law of that character before this bill goes into effect.

So when Mr. Fielding introduced his bill into the Canadian Parliament he made exactly that provision, and proposed just such a law as the bill in the House of Representatives ought to have prescribed in order that if the law were not passed and we were not made sure thereby of free admission into Canada when these articles came free from all parts of Canada into the United States the agreement itself would never become effective. Why that was omitted from the bill introduced in the House I do not know, but I dissent entirely from the proposition that the amendment here proposed brings the bill into accordance with the arrangement made between the two countries.

Mr. GALLINGER. Mr. President, it strikes me that the first provision the Senator has read, where it is provided that products of Canada shall not come from Provinces that impose an export duty, means that Mr. Fielding entertained the view that that inhibition would be removed, and that he was willing to go into this bargain with the United States upon the assumption that they would get sufficient benefits for the provincial parliaments to remove that inhibition.

Mr. CUMMINS. I do not know whether Mr. Fielding thought these restrictions would be removed or not. It seems to me that he and his associates dealt very gingerly with that particular phase of this negotiation. You will remember that in their letter they say, in substance, "We have no power to deal for the Provinces, and we have no desire to influence their action with respect to these things." Is not that the language substantially in that letter? I am quoting entirely from memory. In order to be sure about it I will refer to it.

With respect to the discussions that have taken place concerning the duties upon the several grades of pulp, printing paper, etc.—mechanically ground wood pulp, chemical wood pulp, bleached and unbleached, news-printing paper and other printing paper and board made from wood pulp, of the value not exceeding 4 cents per pound at the place of shipment—we note that you desire to provide that such articles from Canada shall be made free of duty in the United States only upon certain conditions respecting the shipment of pulp wood from Canada. It is necessary that we should point out that this is a matter in which we are not in a position to make any agreement. The restrictions at present existing in Canada are of a provincial character. They have been adopted by several of the Provinces with regard to what are believed to be provincial interests. We have neither the right nor the desire to interfere with the provincial authorities in the free exercise of their constitutional powers in the administration of their public lands.

It seems to me that if these ministers in fact desire that the exchange of these commodities should be mutual and reciprocal, they might have done at least as much as the executive department did with regard to this whole arrangement, namely, agree that they would use every effort and all the influence they had to induce the Provinces to so modify their laws that these commodities might come into the United States free. I observe a great deal more delicacy on the part of these commissioners in treating with their Provinces than I observe in the general relation between the executive department of our own Government and the Congress of the United States.

Mr. SMOOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Utah?

Mr. CUMMINS. I do.

Mr. SMOOT. I should like to ask the Senator if he thinks that the House bill, without the second proviso, is in conformity with the agreement?

Mr. CUMMINS. I do not. I said that originally. I think it omits the prescription of the conditions under which our manufacturers of these articles are to enter Canada free.

Mr. SMOOT. In the bill as it now stands, if it should become a law, there is no word in it that would even signify that paper could go from the United States into Canada free under any circumstances or conditions.

Mr. CUMMINS. There is absolutely nothing. I agree to that. It is, of course, a just criticism of the bill.

Mr. SMOOT. Would there be any opposition on the part of the Senator from Iowa if the House bill had included the second proviso?

Mr. CUMMINS. The suggestions I am now making, of course, would have been entirely irrelevant. I could not have made the objection to the House bill, if it had been so framed, that I am now making to the amendment proposed by the committee.

Mr. SMOOT. But the Senator does not claim that if the second proviso had been in the bill it would have been contrary to the agreement in any way?

Mr. CUMMINS. No; of course I do not.

Mr. SMOOT. Then the Senator thinks that the second proviso is to be considered by itself?

Mr. CUMMINS. Not at all.

Mr. SMOOT. And apart from the remainder of the paragraph?

Mr. CUMMINS. It is an integral part of the entire matter; it is to be considered with what precedes it. The only difficulty that the Senator from Utah seems to have is that by its very words it refers to conditions upon which we are to enter Canada, whereas he desires to make it refer to conditions upon which Canada enters the United States. There is just that difference between the two things. As I said before, the House bill is defective, because it does not contain any restriction with regard to conditions under which we shall have free trade with Canada, and the amendment proposed by the committee is defective or wrong, because it attaches another condition to the free admission of paper into the United States.

Mr. SMOOT. My position is, Mr. President, that the second proviso does specifically refer to the remainder of the paragraph, and that both provisions must be included in the bill to make it perfect.

Mr. CUMMINS. I agree to that entirely, Mr. President; and if the committee or anyone who is in favor of this bill—I would not venture, of course, to correct it in that respect—will change it so that it recites precisely what the original arrangement recites and in the same way, the objection I am now making would entirely disappear. The amendment, however, does not restore the bill to the form in which it was originally agreed upon, but introduces an entirely new condition upon which wood pulp and paper shall enter the United States, whereas under the arrangement as originally made just as soon as Canada passes her bill and we pass our bill—if we ever do—there will at once begin the inflow of free paper from certain parts of Canada.

Under the bill as it is proposed to be amended by the Senator from New York we shall never receive any free paper or free wood pulp from Canada until every restriction in every Province in Canada is removed from the export of these articles. That is the difference between the original arrangement and the one which is now proposed.

Mr. SMOOT. Mr. President—

Mr. CUMMINS. Now, mark you—if the Senator from Utah will permit me—I do not care to discuss it any further unless I can answer some question. I have said what I have largely from an academic standpoint. It would make no difference with my vote whether it was in exact accordance with the arrangement or whether it was out of harmony with it. I oppose it because I believe it is wrong and because I want to hasten the day that will witness the free admission of print paper from Canada to the United States. I close by saying I would vastly prefer the admission of free wood pulp, instead of free print paper; but that seems to be unattainable at this time, and therefore it is useless to waste our strength in discussing it.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from New Hampshire?

Mr. CUMMINS. I do.

Mr. GALLINGER. I thank the Senator for his courtesy to me already extended, and I will promise him that this will be probably the only question I shall ask.

Mr. CUMMINS. I yield to the Senator very gladly.

Mr. GALLINGER. I have been somewhat troubled as to whether under section 2 of the bill we are going to get free paper from Canada or from any part of Canada. This agree-

ment was made between the two Governments—not between the Provinces of Canada and the Government of the United States, but between two sovereign Governments. The provision in section 2 is—I shall not read the first part of it, but naming pulp, wood, paper, and so forth—when imported therefrom—

That is, from Canada—

directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board.

That is the arrangement between the two Governments, and not between certain Provinces of Canada and the United States. It seems to me that that language is so broad that it is a pretty difficult matter to differentiate, and say that we can get free paper from the Provinces that do not have an export duty, but that we can not get it from the Provinces that have such a duty. It looks to me as though that provision were broad enough to absolutely exclude the getting of paper from Canada at all, if we pass this bill.

Mr. CUMMINS. I understand, Mr. President, all the difficulties that would be discovered in attempting to enforce these custom regulations. Without admitting that the criticism of the Senator from New Hampshire is entirely well founded, I concede that we might be compelled to station an inspector in the woods and follow the log from that point until it reappears in some mill as paper.

Mr. CLAPP. Would not the inspector have to go into the tank and see how much of the product of the log that came from the provincial Crown lands went into the roll of paper and how much of the log that came from the private owned lands went into the same roll of paper?

Mr. CUMMINS. He might be compelled to make some inquiries that physically are impossible. I am not to be understood as defending the extraordinary phraseology that is used in this matter. I am simply insisting that we must not cut off all hope of getting free paper or free pulp by adding the amendment proposed by the committee.

Mr. CLAPP. Then, Mr. President, if the Senator will pardon me, I quite agree with him that it is a travesty to speak of this matter as a treaty; but assuming that there is some kind of an understanding, would it infringe at all upon that understanding as to the benefit Canada is to get from this bill to strike out all of the conditions precedent?

Mr. CUMMINS. I can not answer that question, because I do not know how highly Canada values the opportunity to enter our market from a very restricted territory.

Mr. CLAPP. But if we enlarge that opportunity, there certainly could be no infringement in spirit of the agreement.

Mr. CUMMINS. I think, Mr. President, that Canada would hail with great delight the enlargement of this provision so as to remove all question whatsoever.

Mr. CLAPP. Then, if we have reached the point in our economic development where we are ready to put paper on the free list, why would it not be better to avoid all these complications by simply providing that paper from Canada should be on the free list, instead of sending a man into the tank to ascertain what proportion of the roll of paper came from the different sources?

Mr. CUMMINS. I do not know that I would quite agree with that, because there is an obvious injustice in putting a premium upon the practice of Canada in levying export duties. I should like to join in some effort that would present an inducement to Canada, or to the Provinces, to remove their export duties and their restrictions, rather than present an inducement to maintain them.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from New Hampshire?

Mr. GALLINGER. Just for a word.

Mr. CUMMINS. I yield to the Senator from New Hampshire.

Mr. GALLINGER. I want to direct the attention of the honorable Senator to the fact that my question was somewhat broader than any answer that has been made. I want to ask the Senator from Iowa, who analyzes matters so closely and accurately—at his leisure, not now—that he will carefully read and consider the terms of section 2 of this bill, and see whether or not, unless we are dealing with the Provinces, it does not appear in the text of the bill that we are putting ourselves in an attitude where we will not get any paper from Canada free? I wish the Senator would examine that very carefully.

Mr. CUMMINS. I shall be very glad to review again the phraseology of the section.

Mr. BROWN. Mr. President, will the Senator from Iowa permit me?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. CUMMINS. I yield.

Mr. BROWN. I suggest to the Senator from New Hampshire that if it be the correct interpretation of this provision that under it we could receive no free print paper from Canada, then I suppose the Senator from New Hampshire would favor it.

Mr. GALLINGER. I would be delighted if that should be the result, because I want to protect the paper industry of the United States.

Mr. BURTON. Mr. President—

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. CUMMINS. I yield to the Senator from Ohio.

Mr. BURTON. Mr. President, there is another question relating to this section about which I should like to interrogate the Senator from Iowa. I understand the interpretation placed upon this section is that paper, pulp wood, and so forth, may be admitted on the condition that from that Province or locality no export duty is levied. Is that restricted to the specific article admitted?

Mr. CUMMINS. In my opinion, the first condition, namely, the condition which prescribes the terms under which these articles shall come into the United States, involves the absolute identity of the log, the wood pulp, and the paper made out of that wood pulp and out of that log. I do not think, however, that the second proviso, which fixes the condition under which our articles go into Canada, whenever they do go there free, is so limited or restricted.

Mr. BURTON. I do not believe the Senator from Iowa quite understood my question. Perhaps I did not make it clear. Does this free admission apply to anything more than the paper or pulp which is admitted free; that is, supposing a consignment of pulp or paper is presented at our customhouse? That is admitted free, provided there is no export duty or other charge. Does that apply to other admissions? Is it governed by a general rule relating to that Province or one relating to that particular consignment?

Mr. CUMMINS. In my judgment the latter.

Mr. BURTON. And it is confined to that alone?

Mr. CUMMINS. That is my interpretation of the proviso.

Mr. BURTON. So that it can not be enlarged beyond the specific importation?

Mr. CUMMINS. That is my interpretation.

Now, Mr. President, I have occupied vastly more time than I intended, but, as is nearly always the case, we drift into the discussion of a great many things that seem to be somewhat irrelevant to the issue to be decided. I can only repeat again, that I oppose this amendment because it is an obstruction to the relief which we ask, and which I think the American publishers ought to have against the conspiracy of the paper manufacturers.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. NELSON. Mr. President, some confusion seems to have arisen in this discussion from time to time as to the nature of section 2. In the first place, I shall aim to point out and demonstrate that section 2 of the bill is entirely beyond the purview and scope of the reciprocity treaty so called. For the purpose of demonstrating this, I call attention to Senate Document 787, third session Sixty-first Congress, being the message of the President sent to Congress on the 26th of January last. In that document next to the message of the President appears the letter from the Canadian commissioners to the Secretary of State, with schedules annexed. That is the basis of the agreement. That is the proposition from the Canadians to our Government. On page 2 of the document, in paragraph 5, is the following:

5. As respects a considerable list of articles produced in both countries, we have been able to agree that they shall be reciprocally free. A list of the articles to be admitted free of duty into the United States when imported from Canada, and into Canada when imported from the United States, is set forth in Schedule A.

In Schedule A, accompanying this communication, we find a paragraph in respect to pulp wood, wood pulp, and news-print paper. I will read the whole paragraph. It contains two provisos:

Pulp of wood mechanically ground; pulp of wood, chemical, bleached or unbleached; news-print paper, and other paper, and paper board, manufactured from mechanical wood pulp or from chemical wood pulp, or of which such pulp is the component material of chief value, colored in the pulp, or not colored, and valued at not more than 4 cents per pound, not including printed or decorated wall paper.

That is in Schedule A accompanying this letter. Here is the first proviso accompanying that:

Provided, That such paper and board, valued at 4 cents per pound or less, and wood pulp, being the products of Canada, when imported

therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise) or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly) shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board.

Here is the next proviso:

Provided also, That such wood pulp, paper, or board, being the products of the United States, shall only be admitted free of duty into Canada from the United States when such wood pulp, paper, or board, being the products of Canada, are admitted from all parts of Canada free of duty into the United States.

Here are two restrictions. Under this reciprocity arrangement, proposed by the Canadian commissioners, in order to admit Canadian paper, Canadian pulp, and Canadian pulp wood into the United States there must be no restriction on the manufacture or importation of it in any part of Canada; and it is only when those restrictions are removed that our pulp, our wood, and our paper can be admitted into Canada. That is the reciprocal agreement that was proposed. In respect to this part of the agreement the Canadian commissioners, on page 2 of the same document, in paragraph 10, state:

10. With respect to the discussions that have taken place concerning the duties upon the several grades of pulp, printing paper, etc.—mechanically ground wood pulp, chemical wood pulp, bleached and unbleached, news-printing paper and other printing paper and board made from wood pulp, of the value not exceeding 4 cents per pound at the place of shipment—we note that you desire to provide that such articles from Canada shall be made free of duty in the United States only upon certain conditions respecting the shipment of pulp wood from Canada. It is necessary that we should point out that this is a matter in which we are not in a position to make any agreement. The restrictions at present existing in Canada are of a provincial character. They have been adopted by several of the Provinces with regard to what are believed to be provincial interests. We have neither the right nor the desire to interfere with the provincial authorities in the free exercise of their constitutional powers in the administration of their public lands. The provisions you are proposing to make respecting the conditions upon which these classes of pulp and paper may be imported into the United States free of duty must necessarily be for the present inoperative. Whether the provincial governments will desire to in any way modify their regulations with a view to securing the free admission of pulp and paper from their Provinces into the market of the United States, must be a question for the provincial authorities to decide. In the meantime the present duties on pulp and paper imported from the United States into Canada will remain. Whenever pulp and paper of the classes already mentioned are admitted into the United States free of duty from all parts of Canada, then similar articles, when imported from the United States, shall be admitted into Canada free of duty.

In reply to this proposal and suggestion on the part of the Canadian commissioners, the Secretary of State, Mr. Knox, in his communication of the 21st of January, as found on page 10 of this document, states, among other things, as follows:

It is a matter of some regret on our part that we have been unable to adjust our differences on the subject of wood pulp, pulp wood, and print paper. We recognize the difficulties to which you refer growing out of the nature of the relations between the Dominion and provincial governments, and for the present we must be content with the conditional arrangement which has been proposed in Schedule A attached to your letter.

That makes it perfectly clear that so far as this feature of the reciprocity arrangement is concerned, it hinged on the two conditions or provisos to which I have called the attention of the Senate in my quotation from the communication of Messrs. Fielding and Paterson.

Mr. President, I may say that I have examined this question. There are restrictions in all the Provinces, except Nova Scotia, in respect to the manufacture of pulp wood, wood pulp, and news-print paper. Most of the public forest lands of the Dominion of Canada are the property of the several Provinces. A Province in the Dominion of Canada occupies a similar relation to that Government that one of the States of this Union does to the Federal Government. Each of those Provinces, except Newfoundland, which is not a part of the Dominion, but which is a government by itself, has a local legislature, in most instances composed of one house. They have, in addition to that, what they call a "responsible ministry," patterned after the Dominion Government, which is patterned after the British Government, and they have a lieutenant governor appointed by the Crown, but the executive department in those Provinces is practically, as you know, akin to that of the British Government, being in the hands of a responsible ministry.

I might say further that for years it has been the custom in all these Provinces not to sell their timber lands as we sell ours, but simply to issue licenses or grant what they call timber rights or timber limits. A provincial government will issue a license to A or B to cut timber within given timber limits for a given period of years, but the title to the land remains in the Province. In all these Provinces, with the exception of New Brunswick—

Mr. BROWN. Mr. President, will the Senator permit me?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. NELSON. Certainly.

Mr. BROWN. In the lease contracts that the Dominion Government executes with A and B, as recited by the Senator, there is contained usually, in fact always now in most of the Provinces, certain stipulations and conditions with reference to the product of the timber. In many of the leases the contract is made that it shall be manufactured in the Dominion of Canada.

Mr. NELSON. That is the rule now in all the Provinces, except in the Province of Nova Scotia, where there is practically no timber.

Mr. BROWN. That is my understanding. That amounts to a prohibition of the export of pulp wood.

Mr. NELSON. Yes; and of paper.

Mr. BROWN. Certainly; the product of the wood pulp.

Mr. NELSON. The product of the wood pulp and pulp wood in all cases. To show the temper of these Provinces on this subject the Province of New Brunswick, which had no restriction at the time this message was sent in from the President on the 11th of April this last spring, passed an act similar to that contained in the laws and regulations of Ontario, Quebec, and British Columbia. They all have restrictions.

Now, the principal amount of pulp wood in British Columbia is east of the Cascade Mountains, and the restriction in respect to that matter is that it must be manufactured there. The pulp wood must be manufactured into wood pulp and into news-print paper right then and there. That is the only condition under which they can obtain from the provincial government the right to cut timber. The same rule prevails in the Province of Ontario, and the same rule applies in the Province of Quebec.

In the three Provinces of Alberta, Saskatchewan, and Manitoba, the prairie Provinces, as they are called, between Lake Superior and the Rocky Mountains, the timberlands that are left—and they are quite limited—are retained by the Dominion Government. They are lands that lie to the north of the great area of prairie in that country. The timber is rather stunted and inferior, mostly spruce, some poplar, and a little bit of pine. But the Canadian Government, for the purpose of promoting the settlement of those prairie Provinces, has created, in the first instance, 16 forest reserves, and then, in respect to the other lands that are not included in the forest reserves, it does not sell any lands or grant any timber rights but to the homestead settlers who go up there and locate on the lands. They give them a permit to cut timber for a limited time in order to give them a start.

Now, those are the conditions up in that country. I do not believe that any of those Provinces will change their timber regulations. In all the Provinces, counting from the east, New Brunswick, Quebec, Ontario, and British Columbia, and including the three prairie Provinces that I have named, the restrictions are somewhat similar and in substance this, Mr. President: That the timber from which pulp wood or wood pulp is made must be manufactured into wood pulp and into print paper in the Province of Canada. They are so careful about it that they even specify that the mere cutting of the timber into what we call cordwood lengths, limited sticks 2 or 3 feet long, shall not be deemed manufacturing under those provisions. So that absolutely all public lands in all those Provinces, aside from Nova Scotia, which has next to nothing of timber, are subject to these restrictions.

Now, what is section 2 of the bill? It is utterly outside of the purview of the so-called reciprocity agreement. What does it cover and what can it affect? In view of the conditions which I have stated and specified to the Senate, all that that provision of the bill can affect and reach to-day is lands in private ownership. If any of the Senators own a section of land in Ontario or in Quebec or in British Columbia to which they have secured a fee title, and they themselves impose no restrictions, the wood pulp and pulp wood and the news-print paper made of timber on that private land can come in free.

I call attention to the phraseology of the bill, if Senators will turn to a copy of it. On page 23:

Shall be admitted free of duty—

That is pulp wood, wood pulp, and news-print paper—

shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), shall have been imposed upon such paper—

Mark the words—

shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board.

So, Mr. President, in the light of the facts, in the light of the law and regulations prevailing in those Provinces and existing to-day, and in the light of the whole reciprocity agreement, construing this bill as it must necessarily be construed by its own terms, it can only apply to-day to wood pulp and pulp wood and news-print paper manufactured from timber on lands in private ownership and can not extend to anything else.

Mr. President, there is one feature to which I wish to call the attention of Senators. We might as well be candid about this matter. There are a good many of our people—people in Michigan and some of the great newspapers in New York—who own privately lands in Canada, and by enacting this we give those Americans, who have gone up there and have bought those lands and hold them in private ownership a privilege and an advantage over Americans on this side of the line who own our own timber lands. The great newspapers in New York that hold some of these lands in private ownership can get the paper in here free, while you or I, who may happen to own a tract of timber on this side of the line, can not get any of the paper from our timber into Canada free. Now, that is the condition of it.

I know it is popular to favor helping the newspapers of this country, but there is something more in this. You are helping Americans who own stumpage in Canada to get a privilege that our own people in this country do not have. That is the real question.

I am sorry to see the Senator from Iowa, pandering to the clamor in some of the newspapers of this country, carried away by his zeal and overlooking the fact that this provision is simply to raise the stumpage of those Americans who are fortunate enough to have bought timberlands in Canada. This is the plain English of the whole situation, and we may fool the newspapers, we may fool the American people a little while, but the best plan, Senators, is to be candid with the American people and just tell them what there is in this legislative gold brick.

Mr. CLARK of Wyoming obtained the floor.

Mr. MARTIN of Virginia. I suggest the absence of a quorum.

The VICE PRESIDENT. The Senator from Virginia suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Bacon	Crawford	Martine, N. J.	Smith, S. C.
Bailey	Culberson	Nelson	Smoot
Borah	Cullom	Overman	Sutherland
Bourne	Cummings	Owen	Swanson
Bradley	Curtis	Penrose	Thornton
Bristow	Dixon	Perkins	Townsend
Brown	Foster	Poinexter	Warren
Bryan	Gallinger	Pomerene	Wetmore
Burnham	Gore	Reed	Williams
Burton	Gronna	Root	Works
Chamberlain	Heyburn	Shively	
Clapp	McCumber	Simmons	
Clark, Wyo.	Martin, Va.	Smith, Md.	

Mr. POINDEXTER. I desire to state that the senior Senator from Washington [Mr. JONES] is unavoidably detained in the Lorimer investigation.

Mr. BRYAN. I wish to announce that my colleague [Mr. FLETCHER] is engaged in committee work.

The VICE PRESIDENT. Forty-nine Senators have answered to the roll call. A quorum of the Senate is present.

Mr. HEYBURN. I desire to ask a question or two, and I will direct them to the Senator from Minnesota. I understood the Senator from Minnesota to suggest that there were certain restrictions in the Provinces with reference to the output of timber which constituted an obstacle against the operation of this bill. Am I correct in that?

Mr. NELSON. On public lands.

Mr. HEYBURN. Yes. I would call the attention of the Senator to the constitution of Canada, or the act usually denominated the constitution of Canada, which gives the Dominion the absolute right at its pleasure to control or repeal any provision of a Province.

If that is true, then that could not legitimately be urged as an obstacle.

Mr. NELSON. I want to call attention to what the commissioners say in their letter.

Mr. HEYBURN. I have read what they say. I have it before me.

Mr. NELSON. Mr. Fielding and Mr. Paterson, in their communication, say:

10. With respect to the discussions that have taken place concerning the duties upon the several grades of pulp, printing paper, etc.—mechanically ground wood pulp, chemical wood pulp, bleached and unbleached, news-printing paper, and other printing paper and board made from wood pulp, of the value not exceeding 4 cents per pound at the place of shipment—we note that you desire to provide that such articles from Canada shall be made free of duty in the United States only upon certain conditions respecting the shipment of pulp wood from Canada. It is necessary—

They say—

that we should point out that this is a matter in which we are not in a position to make any agreement. The restrictions at present existing in Canada are of a provincial character. They have been adopted by several of the Provinces with regard to what are believed to be provincial interests. We have neither the right nor the desire to interfere with the provincial authorities in the free exercise of their constitutional powers in the administration of their public lands.

Mr. HEYBURN. It is clear that they do not use the term "right" there as equivalent to the word "power," because in the constitution, section 122, the power to change those laws is expressly reserved to the Dominion. I read it:

The customs and excise laws of each Province shall, subject to the provisions of this act, continue in force until altered by the Parliament of Canada.

That question has arisen several times, and the Provinces have strongly contended and contested against the right of the Dominion to change those laws.

Mr. NELSON. Read that again and you will see it relates to customs and excises. It does not cover the matter of duty. It covers other restrictions outside of that.

Mr. HEYBURN. I think that is intended to refer to the excises and customs laws of the Provinces.

Mr. NELSON. Oh, no. It refers to the other restrictions.

Mr. HEYBURN. Let us see.

Mr. CLARK of Wyoming. Just one moment, if the Senator will allow me.

Mr. HEYBURN. Yes.

Mr. CLARK of Wyoming. Mr. Fielding, in speaking of it, speaks of it as a constitutional right of the Provinces. So evidently his belief is that they have a constitutional right, unfettered by the Dominion.

Mr. HEYBURN. That is the local constitutional right, but that is subject always to the Dominion Parliament, and that right was preserved to the Dominion in the original act creating the Provinces. That contest has been fought out over and over, and the Dominion has always prevailed. The Provinces have contested for that, but upon a test of the right of the respective governments the right of the Dominion has been held to be superior and reserved to it in the original act.

I think the commissioners there simply mean that under the existing law it is true that the Dominion probably has granted these rights to several Provinces, but it has in the constitution the right to take them back in the interest of the public, and I could refer the Senator, only from recollection, to an article upon this question—I think it was in the International Encyclopedia that I first saw it—in which a review of this question will be found, and also an article upon Canada in a topical reference, the technical name of which I do not recollect. But it is a question that is open to the interpretation that I have placed upon it.

Then again, I should like to call the attention of the Senate to the provision in article 91, where the Dominion reserved the right—

Mr. NELSON. I want to call the attention of the Senator to the fact that in respect to this reciprocity agreement this is purely academic, because in the reciprocity agreement it is expressly provided that it must be in harmony with the regulations of the several Provinces.

Mr. HEYBURN. I will come to that in a moment.

Mr. NELSON. And they have said that they have no disposition to interfere.

Mr. HEYBURN. That is another question. The question of power and the question of disposition are very different.

Mr. NELSON. They deny the power in this letter—two of the ministers.

Mr. HEYBURN. They use the word "right." That may be the moral right or ethical right, but they do not say they have not the power.

Mr. NELSON. They do.

Mr. HEYBURN. Now turn to section 11.

Mr. NELSON. Let me read this to the Senator:

We have neither the right nor the desire to interfere with the provincial authorities in the free exercise of their constitutional powers.

Mr. HEYBURN. That is the constitution granted by the Dominion of Canada, subject to the control of the Dominion Government. Each of the Provinces has such an instrument, which they call their constitution. It is not a constitution in the ordinary sense in which we use that term. It is an act creating the Provinces by the Dominion, with certain reserved powers in the Dominion. Now, I will read one of the reserved powers. I read from article 91, paragraph 2:

The powers reserved to the Dominion Government against the Provinces. Second. The regulation of trade and commerce.

Now, you give that the scope that is given in this country when that term is used and it covers this question.

Mr. NELSON. Not at all. A regulation of trade and commerce would never relate to a question of timber rights. If the State of Minnesota owns a certain quantity of timber in that State and it leases that timber to me upon the condition that I shall cut that timber and manufacture it into pulp and paper in the State of Minnesota, and only cut it on that condition, what right has the Federal Government under the law to interfere?

Mr. HEYBURN. That is a contractual right between the Government and the party holding under it. But the Dominion of Canada, subject to the power of the Crown, has always held that it had the same relative right to regulate commerce that the United States has, and that is the language we use—to regulate commerce—that is, commerce with foreign countries.

Mr. NELSON. Commerce.

Mr. HEYBURN. They speak of it in different language when they refer to commerce between the different Provinces.

Mr. NELSON. Does commerce have any relation to conditions surrounding the cutting of timber?

Mr. HEYBURN. Not to cutting timber, but the right, in opposition to the claim of these Provinces, to establish terms upon which timber may be exported from the Provinces.

Now, the Dominion of Canada can relieve any Province of the embarrassment of any regulation or any law that they may have in regard to the exportation of timber.

Mr. NELSON. That does not seem to be the opinion of the commissioners.

Mr. HEYBURN. It depends upon the application—

Mr. NELSON. And the Senator seems to be better advised as to the rules and constitutional rights of the Provinces of Canada than the members of the Dominion ministry.

Mr. HEYBURN. No; I am reading from the constitution.

Mr. NELSON. Yes.

Mr. HEYBURN. And the use of that word "right," as I say, is not the equivalent of the word "power."

Mr. NELSON. They use the word "power" in the quotation I made.

Mr. HEYBURN. No. Now, here, for instance, in the language of this bill under consideration, after leading up to it, referring to pulp wood, and so forth—

when imported therefrom directly into the United States, shall be admitted free of duty, on the condition precedent that no export duty, export license fee, or other export charge of any kind whatsoever (whether in the form of additional charge or license fee or otherwise), or any prohibition or restriction in any way of the exportation (whether by law, order, regulation, contractual relation, or otherwise, directly or indirectly), shall have been imposed upon such paper, board, or wood pulp, or the wood used in the manufacture of such paper, board, or wood pulp, or the wood pulp used in the manufacture of such paper or board.

Now, the language there is, "when those burdens shall have been imposed upon such paper." But the construction that is sought to be placed upon this, as I understand the Senator from Minnesota and other Senators here, is that the act, for instance, that was recently passed by the New Brunswick parliament would be effective against the exercise of this right of exportation. That language does not bear it out. The language is, "shall have been imposed upon such article." It does not say by whom. I have a right to infer, and it is a fair inference, that that means imposed by the Dominion Government of Canada.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from New Hampshire?

Mr. HEYBURN. Yes.

Mr. GALLINGER. The Senator from Idaho was not present this afternoon when I raised that very question.

Mr. HEYBURN. I was not present.

Mr. GALLINGER. My point was that we were not dealing with any Province of Canada in that provision, but two great Governments were making an arrangement of some kind or other.

Mr. HEYBURN. And it refers to restrictions by the Government and not by Provinces.

Mr. GALLINGER. That was my contention. I may not be right.

Mr. HEYBURN. That would be the construction I would place upon it. Otherwise it would have said restrictions placed upon it by any Province. But Canada is dealing here as an imperial government subject only to the control of the English Government. She is dealing under her constitutional rights, and her constitutional rights give her the right to abrogate the law of a Province if it is contrary to that which she desires to do.

I desire at this late hour only to point this out because it is not without merit. If the Dominion of Canada has imposed an export duty, then there is no restriction against the exportation of this wood, in whatever form it may be. On the products of the wood I find in an examination of the law—and I have spent some time; I may not have exhausted the subject entirely—that there is at present no export duty nor restriction in the laws of the Dominion of Canada.

I desire before taking my seat to call attention to another proposition here, that was referred to in connection with this question: Tariff resolutions pending in the Canadian Parliament January 26, 1911.

Mr. Fielding, in committee of ways and means, offers the resolution:

Resolved, That it is expedient to amend the customs tariff, 1907, and to provide as follows.

I have not heard reference, although it may have been made in my absence, to this proposition:

1. That the articles, the growth, product, or manufacture of the United States, specified in Schedule A, shall be admitted into Canada free of duty when imported from the United States.

2. That the articles, the growth, product, or manufacture of the United States, specified in Schedules B and D, shall be admitted into Canada upon payment of the rates of duty specified in the said schedules when imported from the United States.

But here is the point to which I desire to call your attention:

That the advantages hereby granted to the United States shall extend to any and every other foreign power which may be entitled thereto under the provisions of any treaty or convention with His Majesty.

That the advantages hereby granted to the United States shall extend to the United Kingdom and the several British colonies and possessions with respect to their commerce with Canada: *Provided, however*, That nothing herein contained shall be held to increase any rate of duty now provided for in the British preferential tariff.

Mr. President, the effect of that is that we do not go into Canada as a preferred commercial agency. We go in there in competition with the same conditions that are granted to any other country. Any other country may obtain the same conditions that are given under this proposed bill. So the advantages of the Canadian market are not exclusive to this country. Any other country comes in there on the same terms as we go into the country as competitors with every other country in the world. Where is the great advantage that we derive?

Mr. GALLINGER. They come in here without competition.

Mr. HEYBURN. Yes; they come into the American market without competition with any other country, because we give such terms to no other country, unless we shall be compelled under the favored-nation clause, and we go into their country in competition with every other country in the world on the same terms that country receives. And that is called reciprocity!

I merely call attention to these facts. I will not attempt to enlarge on them at this hour, but I had them in mind from the discussion that has been going on. I think it is safe to say that the reference in the bill is to the restrictions of the Canadian Government and not the restrictions of the Provinces.

Mr. NELSON. Mr. President, I suggest to members of the Finance Committee to let the bill go over for to-day and it can be taken up in the morning. We had better take an adjournment now.

Mr. CULLOM. I think we ought to have a brief executive session.

Mr. NELSON. Very well.

EXECUTIVE SESSION.

Mr. CULLOM. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 5 minutes spent in executive session the doors were reopened, and (at 5 o'clock and 10 minutes p. m.) the Senate adjourned until to-morrow, Friday, June 23, 1911, at 12 o'clock m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate June 22, 1911.

COLLECTOR OF CUSTOMS.

Morton Tower to be collector of customs for the district of Coos Bay, Oreg.

PROMOTIONS IN THE NAVY.

Capt. Charles B. T. Moore to be a rear admiral.

POSTMASTERS.

INDIANA.

Hood P. Loveland, Peru.
Elmer W. Rust, Winslow.

IOWA.

Eugene C. Haynes, Centerville.
William F. Muse, Mason City.

KANSAS.

George A. Benkelman, St. Francis.

NEW YORK.

Seth S. Ackley, Piermont.
Charles W. Penny, Patterson.

NORTH DAKOTA.

Donald G. McIntosh, St. Thomas.